SAN FRANCISCO PUBLIC LIBRARY
3 1223 07805 4179

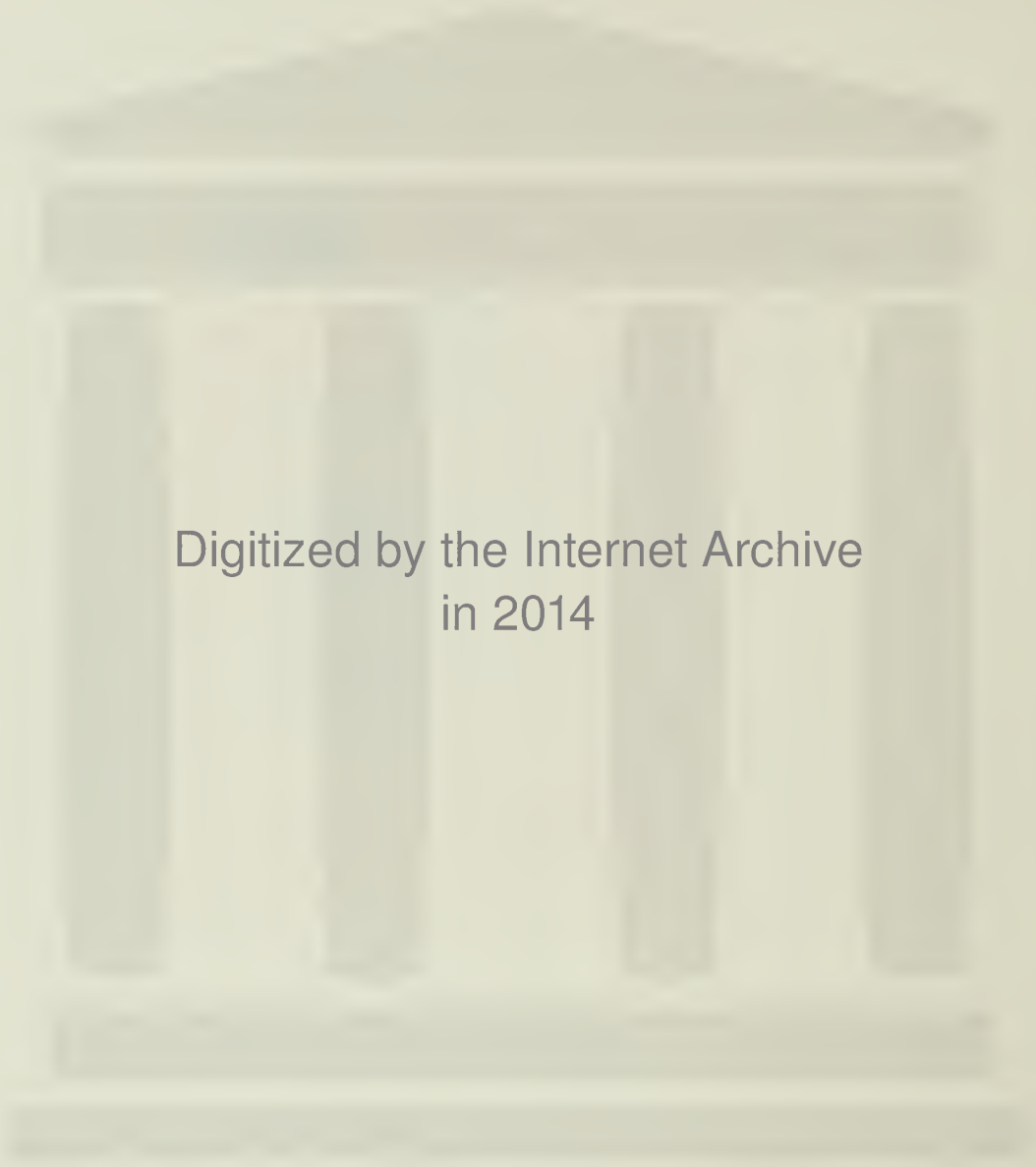
5/S

San Francisco Public Library

Government Information Center
San Francisco Public Library
100 Larkin Street, 5th Floor
San Francisco, CA 94102

REFERENCE BOOK

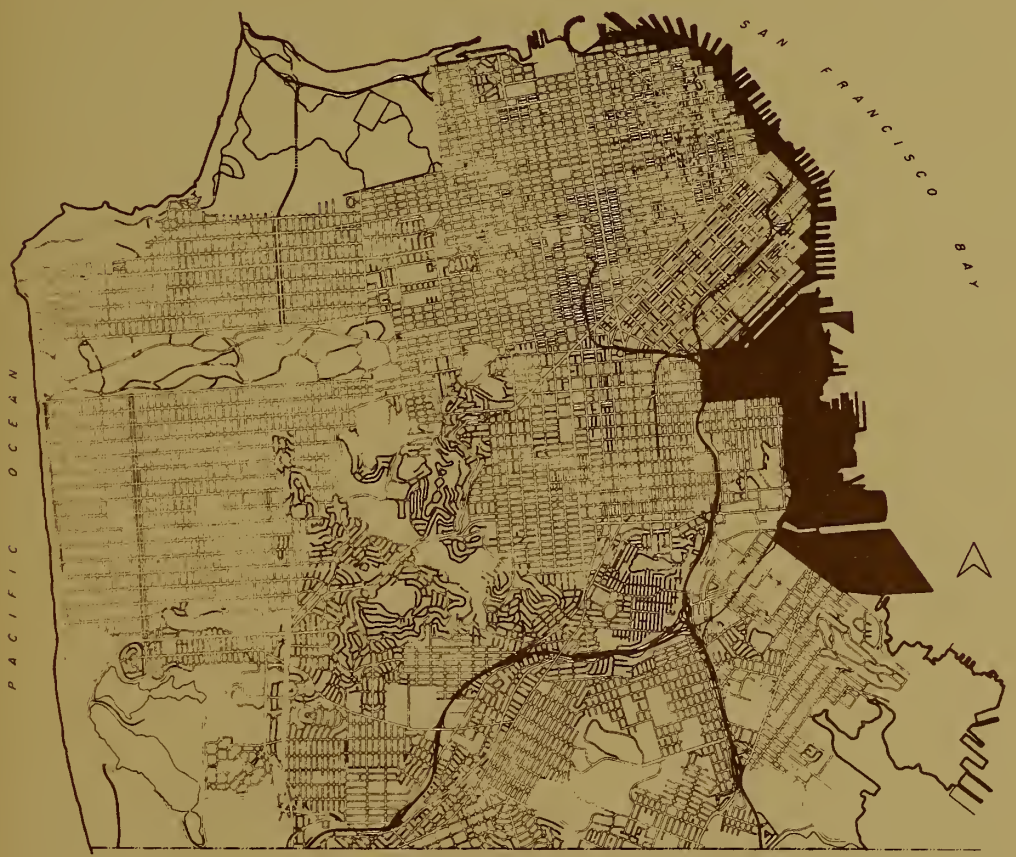
Not to be taken from the Library



Digitized by the Internet Archive
in 2014

https://archive.org/details/centralwaterfro1978sanf_0

SAN FRANCISCO CENTRAL WATERFRONT ECONOMIC ADJUSTMENT STRATEGY



PRELIMINARY DRAFT FOR REVIEW

SUBMITTED TO U.S. DEPARTMENT OF COMMERCE,

ECONOMIC DEVELOPMENT ADMINISTRATION

MAYOR'S ECONOMIC DEVELOPMENT ADVISORY COUNCIL

3 1223 07805 4179

CENTRAL WATERFRONT ECONOMIC ADJUSTMENT STRATEGY

CITY AND COUNTY OF SAN FRANCISCO

PREPARED BY:

MAYOR'S ECONOMIC DEVELOPMENT ADVISORY COUNCIL
PORT OF SAN FRANCISCO
SAN FRANCISCO DEPARTMENT OF CITY PLANNING
SAN FRANCISCO REDEVELOPMENT AGENCY

DECEMBER 1978

TABLE OF CONTENTS

	PAGE
• INTRODUCTION	1
• DESCRIPTION	2
CHINA BASIN AREA	2
CENTRAL BASIN AREA	2
SHOWPLACE AREA	3
SECONDARY IMPACT AREAS	3
• HISTORY OF PROJECT ECONOMY	6
CITYWIDE ECONOMIC TRENDS AND CONDITIONS	6
CENTRAL WATERFRONT PROJECT ECONOMY	7
EMPLOYMENT TRENDS	7
MARITIME TRENDS	9
LAND USE AND PROPERTY VALUATION	15
BUSINESS CONDITIONS	18
PROJECTED ECONOMIC DECLINES	22
• PROBLEMS OF UNEMPLOYMENT	25

PAGE

- POPULATION OF PROJECT AREA 26
- ECONOMIC ADJUSTMENT PROBLEMS TO BE ADDRESSED 27
- PROPOSED ECONOMIC ADJUSTMENT STRATEGY 29
  - OBJECTIVES 29
  - PLANNING CONSIDERATIONS 29
  - STRATEGY COMPONENTS 31
- RECOMMENDED PROJECTS: 1979-80 ACTION PROGRAM 38
  - CENTRAL BASIN PROJECT 38
  - PIER 35 40
  - POTRERO INDUSTRIAL SITE 42
  - SHOWPLACE SQUARE 44
  - FERRY BUILDING REHABILITATION 49
  - INLAND DEVELOPMENT SITE AREA 51
  - NEIGHBORHOOD COMMERCIAL REVITALIZATION 55
  - RAILROAD LAND UTILIZATION STUDY 56
- PROJECTED BENEFITS 58
- TECHNICAL APPENDIX 60
- ACKNOWLEDGMENTS 72

TABLES

	PAGE
• CENTRAL WATERFRONT INDUSTRIAL EMPLOYMENT LOSSES	7
• ESTIMATED CHANGE IN THE LOCATION OF EMPLOYMENT IN MANUFACTURING	8
• CHANGES IN PORT ECONOMIC IMPACT	15
• PROJECTED NET CHANGES IN SPACE REQUIREMENTS	16
• CENTRAL WATERFRONT BUILDING CONDITIONS	18
• CENTRAL WATERFRONT BUSINESS CONDITIONS	21
• CENTRAL WATERFRONT UNEMPLOYMENT CONDITIONS	25
• POPULATION ESTIMATES FOR CENTRAL WATERFRONT AND IMPACTED AREAS	26
• PROJECTED IMPACTS RESULTING FROM STRATEGY IMPLEMENTATION	59

MAPS

	PAGE
• CENTRAL WATERFRONT PROJECT AREA	4
• COMMERCIAL AND INDUSTRIAL ZONING DISTRICTS	5
• ENVIRONMENTAL DETRIMENTS: STRUCTURES AND LAND	19
• ENVIRONMENTAL DETRIMENTS: LAND USE AND PARKING	20
• CENTRAL BASIN PROJECT	39
• PIER 35 REHABILITATION	41
• POTRERO INDUSTRIAL SITE	43
• SHOWPLACE SQUARE	46
• FERRY BUILDING REHABILITATION	50
• INLAND DEVELOPMENT SITE AREA	54
• PORT OF SAN FRANCISCO PIER CONDITIONS	70
• PORT OF SAN FRANCISCO TRANSPORTATION INTERFACE	71

GRAPHS

	PAGE
• PROJECTED CONTAINER/LASH/RORO CARGO COMPARED TO CAPACITY	13
• PROJECTED BREAK-BULK CARGO COMPARED TO CAPACITY	14
• CHANGES IN ASSESSED LAND VALUE	17
• CHANGES IN PROPERTY TAX REVENUE	17
• EMPLOYMENT TRENDS	23

INTRODUCTION:

The topic of Central Waterfront economic adjustment has been the subject of numerous reports on the San Francisco economy and a Board of Supervisors Resolution promoting the revitalization of the area.* Serving as a long-standing location for blue-collar industrial activities--manufacturing, waterborne commerce, trucking and warehousing--the area has experienced serious decline in response to national and regional economic conditions and Federally-sponsored investment in competing locations, surrounding San Francisco, which compete directly for economic markets traditionally served by the Central Waterfront District.

Recent changes in urban economic development away from the more disruptive approach of massive redevelopment afford the City an opportunity to implement a revitalization strategy for the Central Waterfront area. Existing economic development programs, and proposed amendments to Federal legislation, now make it possible for cities to foster economic revitalization of dormant areas through project grants and financial tools which encourage selective new development and commercial/industrial rehabilitation on an incremental or spot development basis. Additionally, the City is in a position to encourage a revitalization of existing Port and rail properties in the area, thus enhancing potential development of underutilized land in the project economy.

This report is a product of a joint staff effort among the Mayor's Economic Development Advisory Council, Port of San Francisco, San Francisco Department of City Planning, and the San Francisco Redevelopment Agency. Additionally, technical assistance has been provided by the Potrero Hill Community Development Corporation.

The report summarizes recent economic trends and conditions within the Central Waterfront project area and recommends a comprehensive economic development strategy designed to arrest a variety of economic adjustment problems affecting the area's revitalization as a location for commerce and industry. Additionally, a number of first phase projects, together with relative costs and benefits, are presented for Federal funding consideration. The various elements of this report are intended to provide a framework for coordinated City-Federal action revitalizing depleted resources within the project economy, restoring jobs lost through detrimental Federal actions, and stimulating new opportunities for joint private/public investment.

*In preparing this strategy, a number of reports have been utilized including: Eastshore Park Corporation, Eastshore Park Project: Interim Feasibility Study, Vols. I & II, December 1975; Arthur D. Little, Inc., Commercial and Industrial Activity in San Francisco: Present Characteristics and Future Trends, June 1975; San Francisco Department of City Planning and Mayor's Economic Analysis Unit, Industrial Trends, 1975; San Francisco Department of City Planning and Mayor's Economic Analysis Unit, Commercial Trends, 1975; San Francisco Department of City Planning and Mayor's Economic Analysis Unit, Land Use Conditions and Trends, 1975; and San Francisco Department of City Planning, Commerce and Industry Element to Comprehensive Plan, August 1977. The strategy is in pursuit of the 1978-79 Overall Economic Development Program of the City and County of San Francisco.

DESCRIPTION OF AREA:

The Central Waterfront District of the City and County of San Francisco is proposed as the primary project area for economic adjustment programming. This district contains approximately 900 acres of land in the southeastern section of San Francisco and is bordered by China Basin to the north, Highways 280 and 101 to the west, Islais Creek Channel to the south and San Francisco Bay to the east. Additionally, secondary impact areas north to Pier 45 and south to Pier 98 have been proposed as part of a comprehensive economic development strategy for the San Francisco waterfront. These areas include portions of the South of Market, Potrero Hill and Bayview-Hunters Point districts, all of which have been identified as being among the highest in need from the standpoint of physical deterioration, unemployment and declining personal income.

Primarily zoned M-1 and M-2 for light and heavy industry, the Central Waterfront has historically supported blue-collar industrial activities such as waterborne commerce, manufacturing, wholesale trade and trucking and warehousing. Approximately 300 acres of land are devoted to rail switchyards and are therefore potentially available for more intensive development. In addition, the Central Waterfront contains San Francisco's largest supply of vacant, underutilized land, thus affording further growth potential. This area currently provides approximately 12,000 jobs in a variety of economic sectors. A majority of those jobs are held by San Francisco residents. Approximately 400 firms exist in the area. These firms employ an average of 24 persons and occupy an average of 23,000 square feet in space, typically in one- to three-story buildings. The vast majority of the firms in the project area are blue-collar in nature with concentrations in manufacturing, transportation, and wholesale trade. Several functional areas within the project boundary can be identified.

CHINA BASIN AREA:

According to the San Francisco Department of City Planning, 60 percent of the land area in this portion of the district is in railroad rights-of-way, including the 240 acre Southern Pacific switchyard and smaller yards held by the Santa Fe and Western Pacific railroads. Although there is still movement of goods by rail, declines in manufacturing activity and in waterborne freight movements have reduced the level of rail activity in the area. Thus, the area's open land is being increasingly used for truck depots, contractor's open storage, and other less intensive land uses. Employment density in the area has declined significantly and is now at 12 employees per acre.

CENTRAL BASIN AREA:

According to the Department of City Planning, industrial land use in this area declined between 1961-1970, while land used for trucking, rail rights-of-way, and other utility uses increased. There are a number of building vacancies in the area, many of which have remained vacant for a number of years.

This area between China Basin and Islais Creek has suffered the second highest employment decline of any area of the City over the past decade. This resulted in large measure from the fact that it was a prime location for manufacturing industries which have suffered the most dramatic declines in employment in the City. A number of vacant parcels exist in this area which could be promoted for more intensive use provided that the area could be upgraded in its appearance through infrastructure improvements.

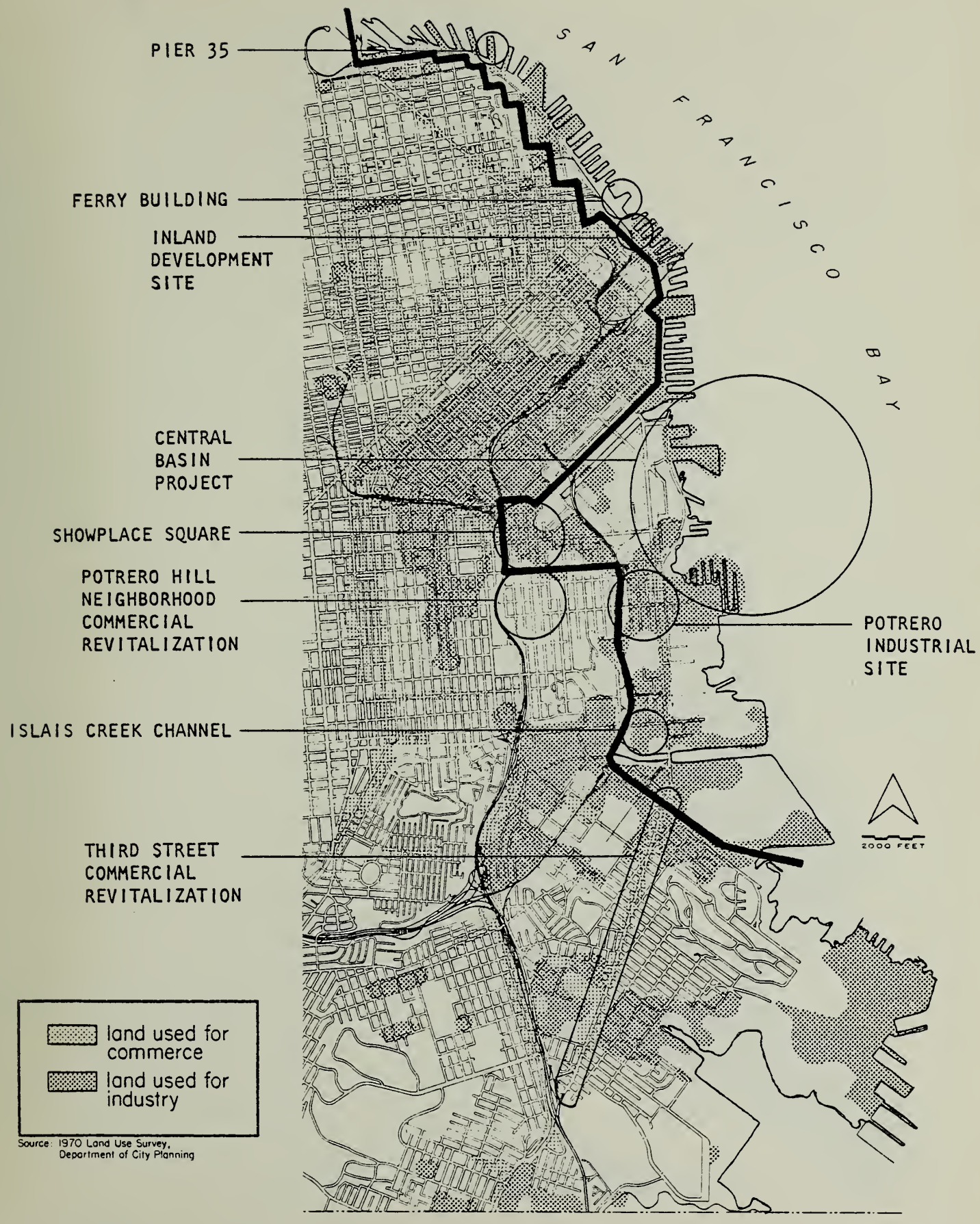
SHOWPLACE SQUARE:

This area is located in the northwestern section of the project area and provides one of the most viable locations for commerce and industry in the southeastern section of San Francisco below China Basin. Old-style brick warehouses built in the 1800's have been converted to home furnishings showroom space, cafes, galleries, and other ancillary uses. Currently, an estimated 600,000 square feet of central home furnishings showroom space is provided in the area. The City projects that this kind of economic use will have major growth potential in the future as more consumer dollars are spent for personal goods and services. This trend can be corroborated in the shortrun, as 365,000 square feet of new showroom space is currently being planned for existing buildings immediately east of the Showplace/Galleria complex.

SECONDARY IMPACT AREAS:

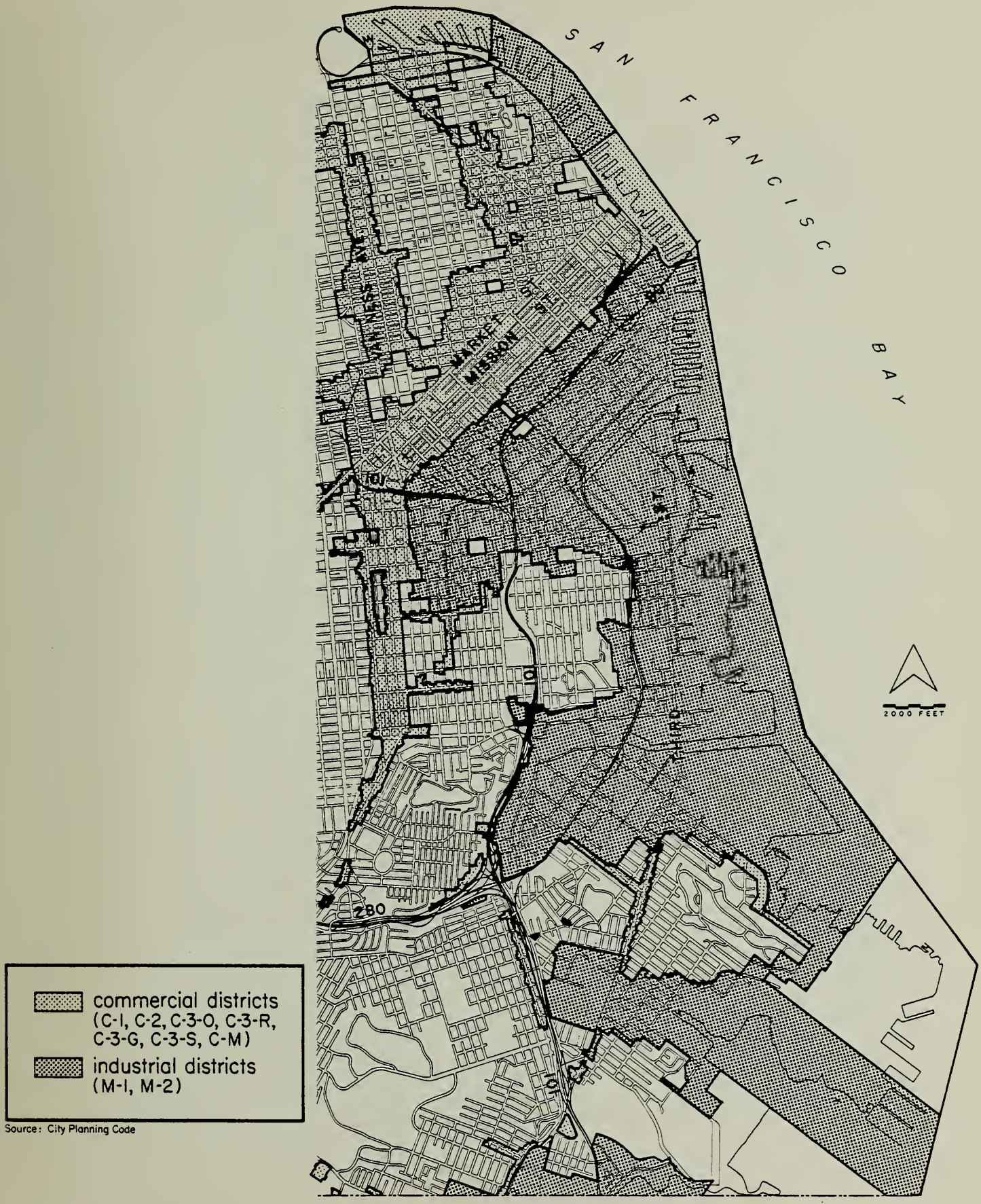
Secondary areas following the Port's land trust have been identified as potential development zones. These areas have a variety of existing uses, mostly maritime-related, and afford excellent potential for future development. To the north of China Basin, sites exist for commercial reuse of the waterfront interspersed with maritime industry. These areas are concentrated at or near the Ferry Building and are a major source of new job opportunities and added tax base. Additionally, the area north of China Basin includes the Passenger Terminal at Pier 35 and a proposed development site at Pier 45 near Fisherman's Wharf. The recently opened Pier 39 project occupies space in the secondary area to the north.

To the south, Port projects are currently being planned for Piers 94, 96 and 98 with several maritime uses under consideration. Pier 96 has one of the Bay Area's finest three-berth container facilities and land exists at Pier 98 for industrial back-up to major maritime uses. Prospects for a new rail interface at Piers 94, 96 and 98 are under evaluation by the Port of San Francisco.



Central Waterfront Project Area

Major Commercial and Industrial Area



Source: City Planning Code

COMMERCIAL AND INDUSTRIAL ZONING DISTRICTS

HISTORY OF PROJECT ECONOMY:

CITYWIDE ECONOMIC TRENDS AND CONDITIONS:

Although San Francisco's economy is highly diverse and not without its growing sectors, a vast area of the City's southeastern corridor has experienced sharp declines in employment, deteriorating physical conditions, increased space vacancies, and contracted use of land. These trends have worsened in recent years as a result of public and private investment in industrial centers surrounding San Francisco and are projected to decline at a steady rate in the absence of significant public/private intervention.

The image of the City as a growing economic center remains true for primarily the downtown areas of business and finance. Commercial activities--those dealing with office uses, banking, real estate, specialty shopping and services such as hotels and restaurants, and institutions such as medical and educational facilities and government--have experienced strong economic expansion in San Francisco during the last decade. The growing professional office-administrative component of the City's economy has emerged as the City's principal source of new employment and its strongest economic sector. The gradual shift in emphasis from within the economy from production activities (manufacturing, wholesaling) to office employment has meant a changeover from a balanced blue-and-white collar employment market to a market emphasizing finance and administration and services. These sectors depend increasingly on a highly trained (often non-resident) labor market. Presently, some 400,000 persons are employed in commercial activities in the City, 100 percent above employment levels recorded in the 1950's.

In sharp contrast to the City's growth as a commercial center, industrial employment, primarily of local residents, has declined by 15 percent citywide since 1965 with heaviest losses in waterborne commerce (down 52 percent), manufacturing (down 20 percent) and wholesale trade (down 15 percent). A great deal of the City's long-term deterioration as an industrial center, and its accompanying frictional unemployment, can be traced to changes in San Francisco's economic base. To a great extent, these changes have been brought about through Federally-sponsored investment in competing locations and facilities elsewhere in the Bay Area. Federal subsidies for competitive facilities, combined with rising land costs and the lack of quality sites for horizontal industrial development in the inner-city, have created strong incentives for Bay Area industry to locate outside San Francisco. The presence of such suburban competitive advantages for more than two decades has severely impacted all levels of San Francisco industry. Today, commercial activity accounts for 72 percent of San Francisco's economic base, while industry maintains reduced importance to the local economy despite the fact that approximately 100,000 persons are presently employed in blue-collar activities.

CENTRAL WATERFRONT PROJECT ECONOMY

EMPLOYMENT TRENDS:

Available information for the Central Waterfront project economy illustrates the severity of the City's declining industrial base and the urgency of related economic adjustment problems. According to Arthur D. Little, Inc. (ADL) in its recent report to the San Francisco Planning Commission, blue-collar employment in the area bounded by China Basin to the north, portions of highways 101 and 280 to the west, and Twenty-Sixth Street to the south declined by 4,845 jobs between 1965 and 1978.* With exception of retail trade, construction, and services, which collectively accounted for 2.1 percent of the area's total employment of 12,000, employment in all other industry groups has declined. Manufacturing (down 2,419 jobs, or 41 percent) accounted for the largest single source of employment decline, followed by wholesale trade (down 1,447 jobs, or 40.5 percent), and transportation, communications, and public utilities (down 979 jobs, or 20 percent). As Table II shows, no other area of the City has experienced such a dramatic decline in manufacturing employment. Furthermore, the impact of manufacturing losses can be seen for other related blue-collar sectors of the Central Waterfront Project economy (Table I).

Recent field observations substantiate this pattern of decline. A majority of the firms recently interviewed (60 percent) reported that employment during the last 10 years had either declined or remained the same.

TABLE I

CENTRAL WATERFRONT INDUSTRIAL EMPLOYMENT LOSSES

	ESTIMATED EMPLOYMENT			NUMERICAL CHANGE	% CHANGE
	1965	1970	1978*		
Manufacturing	5,851	3,763	3,432	(2419)	-41.3%
Transportation Communication and utilities	4,900	4,051	3,921	(979)	-20.0%
Wholesale Trade	3,575	2,217	2,128	(1447)	-40.5%
	14,326	10,031	9,481	(4845)	-33.8%

*1978 estimates derived from area trends cited in Arthur D. Little, Inc., Commercial and Industrial Activity in San Francisco: Present Characteristics and Future Trends, June 1975.

The Port of San Francisco estimates that roughly another 1,949 jobs were lost in direct maritime operations, bringing the total of employment lost to 6,800.

TABLE II

ESTIMATED CHANGE IN THE LOCATION OF EMPLOYMENT IN MANUFACTURING

Percent Share of Manufacturing Employment

District	1965 Number	1965 Percent	1970 Number	1970 Percent	Net Change 1965-1970	% Change
Northeast	5,251	8.4%	4,327	7.3%	(924)	-18%
Downtown	10,949	17.5	12,237	20.8	1,288	+12
South of Market						
Central Waterfront	5,851	9.4	3,763	5.0	(2,088)	-36%
Mission	9,419	15.1	8,248	14.0	(1,171)	-12%
South Bayshore	8,735	14.0	7,950	13.5	(785)	-10%
Subtotal	60,286	96%	57,472	97.6%	(2,814)	-5%
Other	2,094	3.4	1,439	2.4	(655)	-31%
Total	62,380	100.0%	58,911	100.0%	(3,469)	-6%

Sources: Data on employment by area and by type for 1965 were obtained from reports and printouts of the Bay Area Transportation Study Commission (predecessor to the Metropolitan Transportation Commission) derived from data furnished by the California Department of Economic Development. Data on employment by area and by type for 1970 were derived by Arthur D. Little, Inc. from information contained in the U.S. census of Population and Housing and contained in special computer runs furnished by the Metropolitan Transportation Commission.

Of the firms experiencing a contraction in employment, the average rate of decline was 42 percent over the last 10 years, or an average of 4.2 percent per year. In addition, 15 percent of the firms contacted indicated that they were considering relocation either to another area of the City or out of the City entirely. Relocation of these firms would result in a loss of 1,500 more jobs throughout the project economy. Based on these extrapolations, it may be projected that the area could experience a further decline of 16 percent in the short-run.

MARITIME TRENDS:

Similarly, maritime trends in the project area have experienced downturns as deteriorating cargo handling facilities have prevented the City from capturing emerging markets. A great deal of the area's maritime decline can be traced to changes in San Francisco's land position vis-a-vis other Bay Area ports, coupled with Federally-subsidized investment in competing facilities such as those at the Port of Oakland.

The Port of San Francisco is located on the west shore of the San Francisco Bay, and it comprises approximately 6.5 miles of waterfront land. The maritime corridor of the project economy is divided into three zones: Central Waterfront and the secondary impact area to the south where future maritime activity is to be consolidated, and the secondary impact area to the north where mixed-use is more predominant. The Northern Waterfront is characterized primarily by a series of wooden finger piers. Similar to other major urban cities with a long history of maritime activity, this area of San Francisco, with its rows of narrow finger piers, was designed to accommodate sailing ships and victory ships up until World War II. The piers in this area of the San Francisco waterfront are considerably older than those of most major ports in the United States. In fact, one-half of all piers in this area were built prior to 1915.

The physical condition of this area is a prime example of an area suffering from long-term deterioration. Additionally, the decrease of useful maritime uses has been caused by obsolescence since there was a lack of capital reinvestment in the maritime piers on the part of the State of California which owned and operated the Port from 1865 to 1969. Shifting technologies have lead directly to a decline in the demand for these types of facilities. Such conditions have resulted in a significant depletion of San Francisco's foremost natural resource--the San Francisco Bay and its shoreline.

While many of these above conditions exist in portions of the Central Waterfront and Southern Waterfront, these areas do have a number of more modern and useful maritime facilities. Piers 48, 50, 70, and 80 are all currently used to handle maritime uses of the Port. Due to the availability of additional back-up land, Port land south of China Basin provides the best location for future maritime expansion to occur.

Just as the physical infrastructure of the Port has declined, so,too, has related oceanborne cargo movement. Foreign and offshore trade reached its peak level at the Port of San Francisco during World War II.

With this artificial stimulation of war suddenly removed, tonnage fell to an early post-war low of 2.6 million tons in 1949. Tonnage remained relatively unchanged from 1957 to 1969. However, with the advent of containerization in the late 1960's and with the development of the Port of Oakland as a major container port, the Port of San Francisco has experienced a significant decrease in its foreign and offshore tonnage. Recent trends have revealed that the Port of San Francisco's oceanborne commerce has declined from 5.3 million tons in 1964 to 1.7 tons in 1977; this represents a 68 percent decline most of which can be directly attributed to Federal subsidies to the Port of Oakland.

Federal funds to the Port of Oakland lead to the following major steamship lines leaving San Francisco to occupy Federally-assisted facilities in Oakland:

1. American President Lines (left San Francisco in 1973);
2. K Lines (left San Francisco in 1968);
3. Matson Navigation (left San Francisco in 1968);
4. NYK Line (left San Francisco in 1972); and
5. Pacific Australia Direct Lines (left San Francisco in 1971)

Additionally, several other steamship lines have relocated from San Francisco to facilities at the Port of Oakland not constructed through Federal subsidies. These lines have migrated to the eastern shore of San Francisco Bay because of greater concentration of waterborne commerce markets and more efficient service afforded by the Port of Oakland. Federal assistance to the Port of Oakland has directly contributed to these competitive advantages. The impact of relocations to the Port of Oakland has had a detrimental effect on the Port of San Francisco.

In 1970, for instance, just after the Federal subsidy to Oakland, the total import and export tonnage to the Bay Area was 12,841,351 short tons. The Port of San Francisco handled approximately 20 percent of this total. By 1976, the region experienced an increase to 23,237,337 short tons, while San Francisco's market share decreased to 7.2 percent. This decrease can be directly attributed to federal actions since the increase in tonnage capture rates for other Ports was primarily caused by the growth in former San Francisco-based steamship lines and not through totally new business to the Bay Area.

There are two major reasons why San Francisco was slower to respond to containerization than Oakland: (1) a more developed Port network with less room for expansion, and (2) financial constraints caused by the need to support $50 million in State general obligation bonds used to create facilities which are noncontainer in nature. Gruen and Gruen Associates, in its "Report to the Waterfront Committee" (1970) corroborates these reasons for San Francisco's slower entry into the container market:

> The problems of financing innovation are extremely different for San Francisco because they carry a relatively heavy existing debt structure. That is, the $50 million in general obligation bonds they owe now was used to build modern desirable facilities that were not especially designed for use by container ships. Furthermore, shifts to containerization would frequently result in no new business since existing customers would merely alter their use from old to new wharves. This was not the case for Oakland which could go after business that was all new and not worry about having this shift of old customers to new facilities. They received financial support from the Federal Economic Development Administration because Oakland has high unemployment.

While San Francisco has not built the same level of container facilities as now exists at the Port of Oakland, current market analysis indicates that modern facilities at Piers 70, 80, 94, and 96 now give the Port of San Francisco an opportunity to capture projected cargo movements in the Bay Area Harbor System. The following graphs provide information on the Port of San Francisco's projected cargo flows and Port capacity based on an April 1978 analysis by Moffat and Nichol, Maritime Consultants. (See following cargo flow graphs). It is important to note that these would be net new cargo movements not now coming to the Bay Area Harbor System as opposed to diverting existing markets to competing Ports as was the case in Oakland's expansion. Moffat-Nichol forecasts the following cargo capture rates and tonnage based on its analysis of Bay Area maritime trends:

1. By the year 1990, the Port of San Francisco could expect to capture 57 percent of Bay Area break-bulk cargo or between 2.1 million and 2.4 million revenue tons per year, according to the Corps of Engineers and NORCAL reports. Also, according to those reports, the Port will have sufficient capacity to meet its allocation of that demand with existing facilities. The Corps estimate of 1975 capacity, including neo-bulk, is 2.184 million short tons per year. The NORCAL estimates show a larger capacity at about 3.9 million short tons of break-bulk per year but we find these estimates to be high. Using a throughput density factor of 0.4 tons per square foot per year, the break-bulk capacity in 1990 is 1.7 million revenue tons per year. Present capacity, therefore, is not expected to meet the 1990 demand for Port of San Francisco break-bulk facilities by 30 percent to 60 percent of these estimates.

2. 1990 projections of container/LASH/RORO cargo show the Port of San Francisco share to be between 1.5 million and 2.2 million short tons per year. Existing container/LASH/RORO capacity estimates range from 1.1 million to 1.8 million short tons per year. It appears that existing container/LASH/RORO capacity may be adequate for the expected demand. By 1990, additional capacity could be added to increase capacity to 3.0 million short tons per year.

3. Dry and liquid bulk cargo capacity other than grain is projected to increase but remain less than 1,000,000 short tons per year to 1990. Existing facilities could provide sufficient capacity to transfer this cargo. In addition, the grain terminal at Pier 90 will have sufficient capacity to handle 1 million tons per year.

4. If Panama Canal traffic were to be diverted to Pacific Coast ports, mini-bridge and land-bridge traffic would be increased and would require at least one more terminal of the container/LASH/RORO type near a marshalling yard of a major railroad. The terminal should have at least 2 berths and be capable of handling 2.0 million short tons of land bridge cargo per year. It would have a minimum of 3 gantries capable of serving any of the berths. The terminal would have about 2,400 lineal feet of wharf, 60 acres of backland and the necessary railroad yard and equipment to load and unload unit trains.

5. Some waterfront facilities may be reserved for a foreign trade zone and as such will not be counted toward cargo transfer capacity. Should any of the existing port facilities be removed because of obsolescence or deterioration, an equivalent terminal capacity would have to be replaced to meet the 1990 estimated terminal capacity requirements.

6. If by 2000 the Port of San Francisco were to develop its capacity to the fullest extent possible based on present technology and planning criteria, it would be capable of handling about 1.6 million tons of break-bulk cargo, 10 million tons of container/LASH/RORO cargo, and 0.3 million tons of neo-bulk cargo. Dry bulk capacity would consist mainly of the grain terminal with 1.0 million ton capacity and the coal terminal with a potential capacity 10.0 million tons.

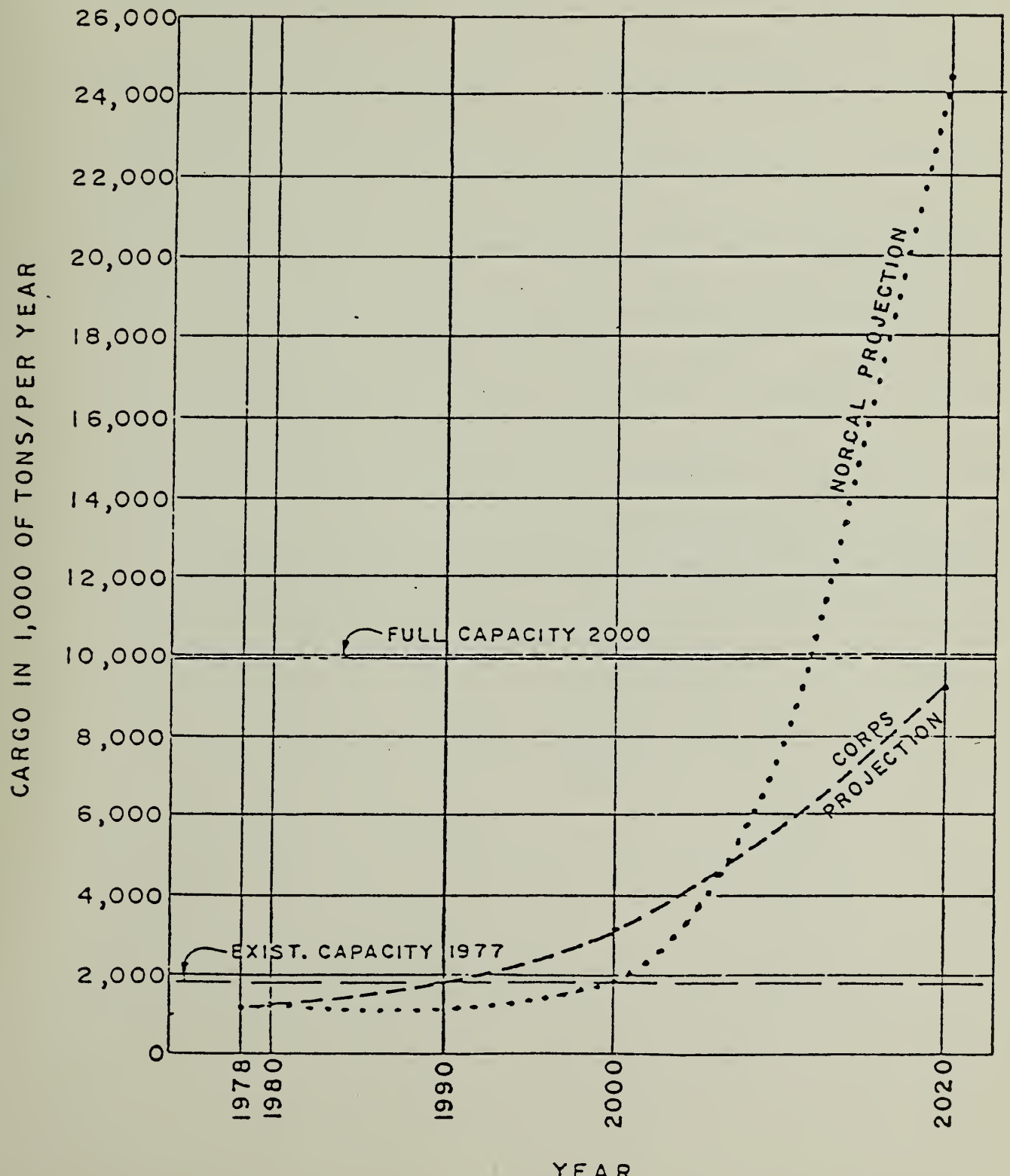
   Based on this criteria, the Port would have no further expansion capability to meet the projected cargo demand of 2020 (except for dry bulk).

   Fully developed, the Port capacity to handle the projected 2000 break-bulk cargo will be short by 25 percent to 33 percent. For other transfer modes, adequate capacity could be developed to meet the projected year 2000 demand.

The impact of cargo losses to the Port of Oakland touches upon nearly all segments of local industry. In addition to employment losses already cited for the project economy, the U.S. Department of Commerce has established a Port impact model, which, when applied to the Port of San Francisco, shows that the direct impact of the Port of San Francisco declined by $51.4 million, or 35 percent, from 1969 to 1977. Additionally, total direct and indirect impacts declined by $81.9 million, or 35 percent for the period. Direct jobs lost equalled 1,949 employments. This represented a decline of 35 percent as well.

PORT OF SAN FRANCISCO

PROJECTED CONTAINER/LASH/RORO CARGO COMPARED TO CONTAINER/LASH/RORO CARGO CAPACITY



PROJECTED BREAK-BULK CARGO
COMPARED TO
BREAK-BULK CARGO CAPACITY
(includes neo-bulk)

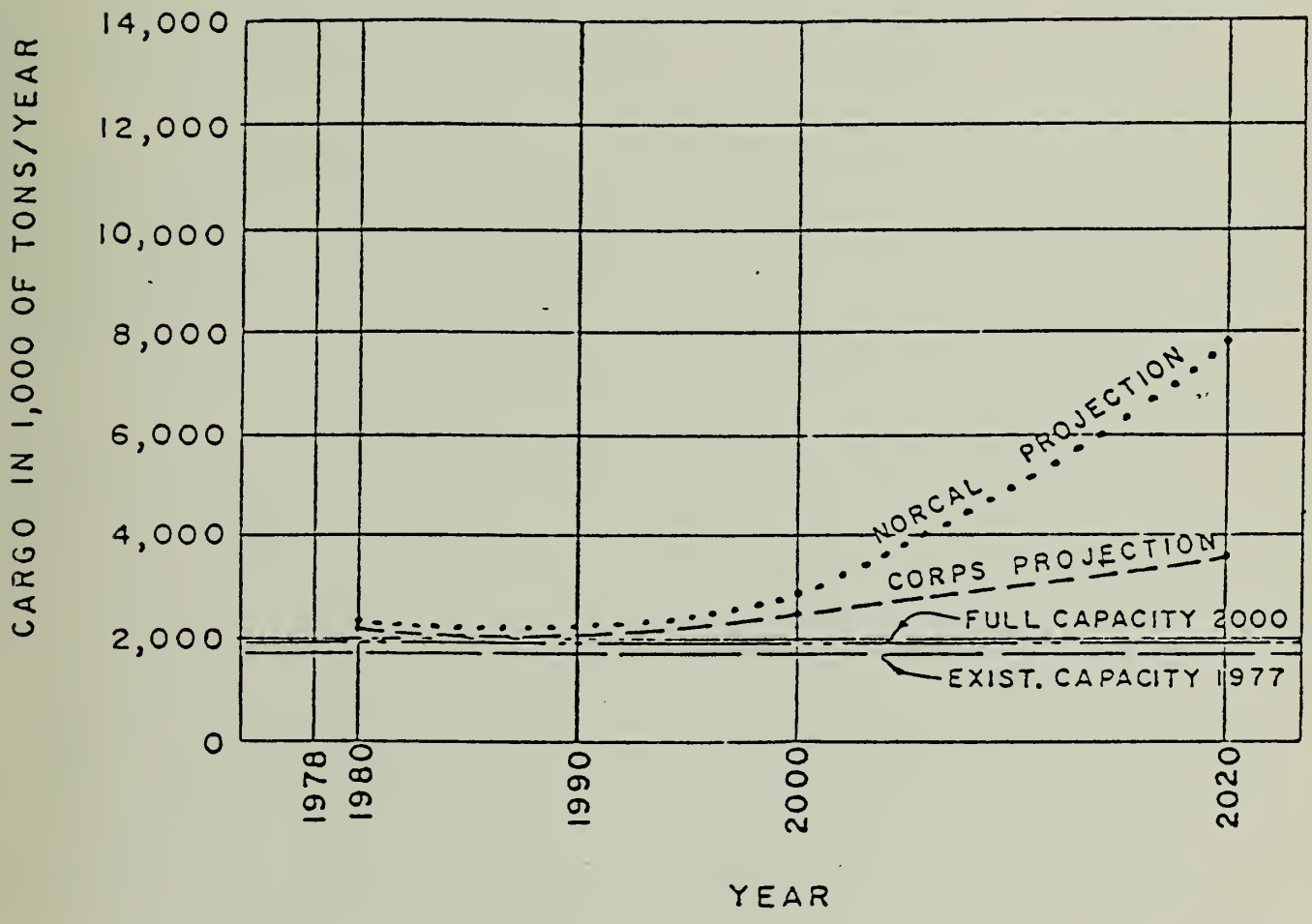


TABLE III

CHANGES IN TOTAL PORT ECONOMIC IMPACT: 1969 - 1977

Year	Jobs	Direct Impact (Millions)	Total Impact (Millions)	% Change 1969-77
1969	5600	$147.8	$235.2	
1970	5483	144.8	230.3	
1971 (ILWU strike)*	3543	93.7	149.1	
1975	3847	101.6	161.7	35%
1976	4188	110.4	175.7	
1977	3651	96.4	153.3	

*Source: Port of San Francisco (based on U.S. Department of Commerce Port Impact Model).

Finally, Port operations contribute to the configuration of economic growth and affect the location of industry. Most of the Bay Area's industrial centers are close to port facilities and deep water channels. Access to water transportation for shipping and receiving raw materials and manufactured products is an important location criterion for many industries, and this criterion will increase in importance due to a growing national reliance on imports for valuable resources. Port facilities also attract a great number of ancillary industries servicing maritime accounts.

Planned Port facilities and the probability of further Port investment in the central and southern waterfront areas will have a significant effect on economic and physical development patterns in the City. Capital improvements of the kind to be mentioned for the area south of China Basin can be used to influence the rate and direction of future industrial development, to improve marginal industrial areas, and to free appropriate parts of Northern Waterfront for mixed-use. A coordinated approach which recognizes the Port's competitive position in the region and emphasizes modernization of Port facilities for special purposes (such as break-bulk, light shipments of high value, neo-bulk, rail bridge, and containerized cargo for regional distribution) will be implemented to promote industrial development objectives and transportation improvements which allow good access and minimize the costs of distribution. These components to the economic adjustment strategy will be outlined in the projects section of the strategy.

LAND USE AND PROPERTY VALUATION TRENDS:

In the entire Central Waterfront District, land in industrial use declined by 100 acres between 1961 and 1970 (DCP). Additionally, industrial space requirements are projected to decline in the future. As the information below shows, ADL has projected a decline of up to 3 million square feet in Central Waterfront space requirements by the year 2000, given the continuation of existing trends. The largest source of space decline is projected for industrial plant space. Declines in plant space are the direct result of the loss of manufacturing activities in the City.

Land use in the project area will continue to change, with less land being utilized for heavy industry. Declines in heavy industrial land use is forecast in response to a number of factors (physical and economic) which have a direct impact on the location of economic activities and the discrete decisions of industry.

TABLE IV

PROJECTED NET CHANGES IN SPACE REQUIREMENTS

	1985		2000	
	No. Sq. Ft. (000's)	Dollars (000's)	No. Sq. Ft. (000's)	Dollars (000's)
Industrial Space	(210.3)	($5,257.5)	(1,456.5)	($36,412)
Plant Space	(389.4)	($9,735.0)	(1,274.3)	($31,857)
Warehouse Space	179.1	$4,477.5	(182.2)	($4,555)
Office Space	(16.1)	($410.0)	(141.5)	($3,537)
Retail Space	-	-	(40.0)	($1,000)
Total Net	(437.0)	($10,925.0)	(3,094.5)	($77,362)

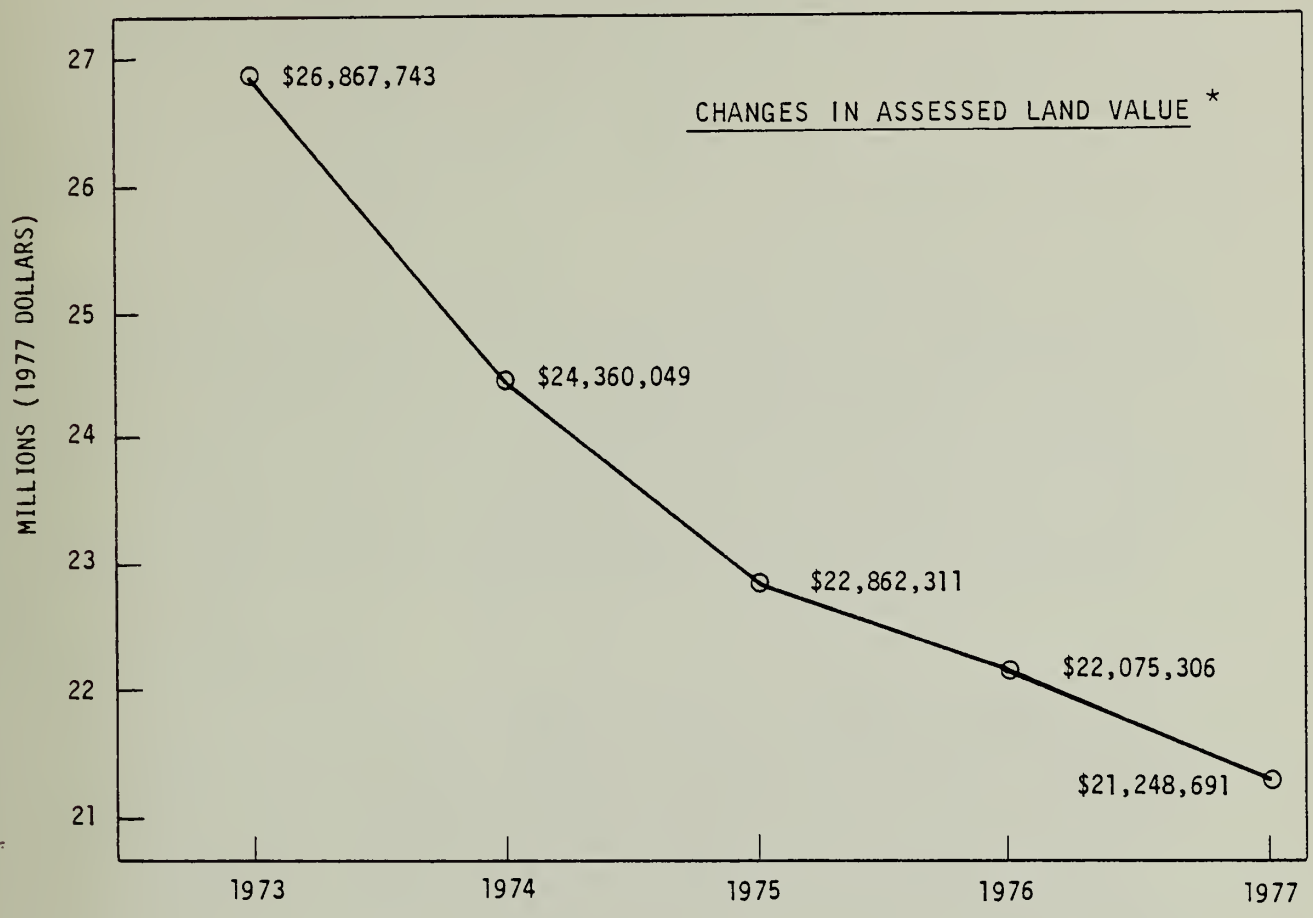
Source: Arthur D. Little, Inc., Commercial and Industrial Activity in San Francisco: Present Characteristics and Future Trends, June 1975.

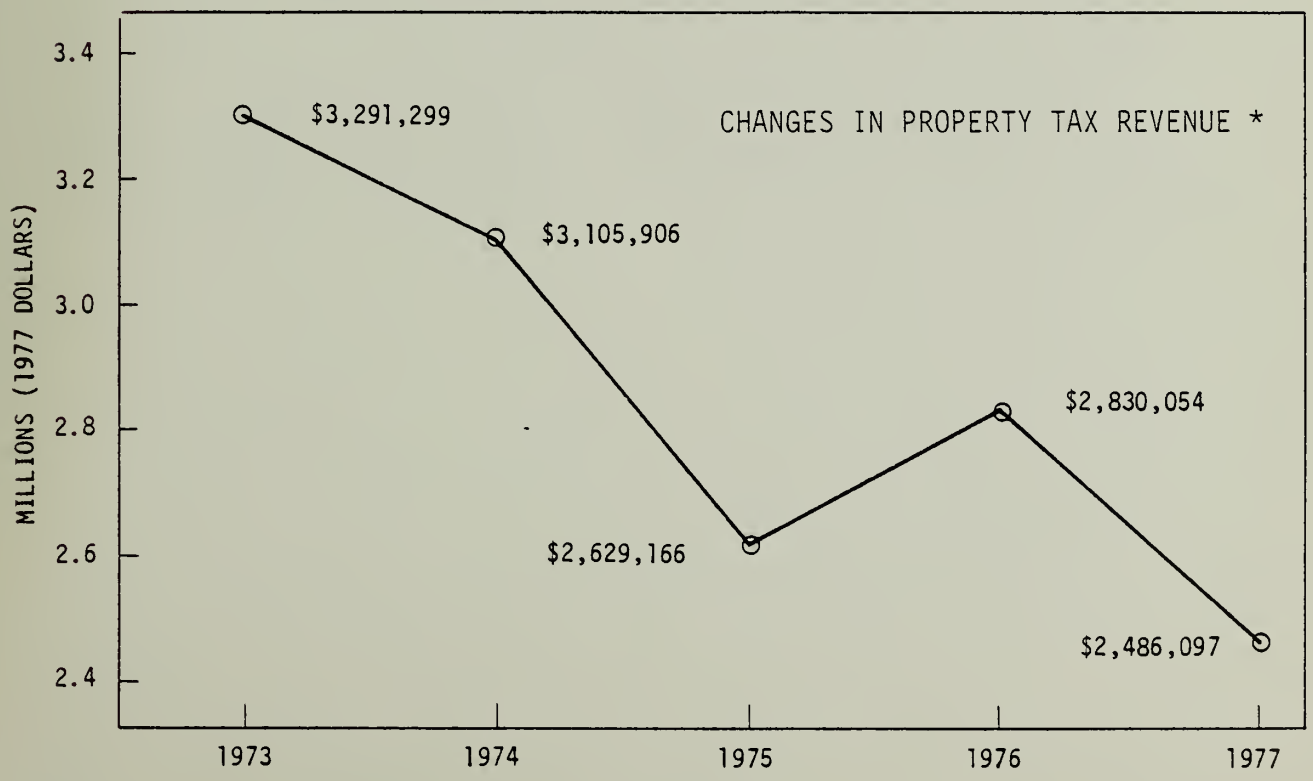
Assuming a valuation of $25 per sq. ft., this represents over $77 million in idle capital facilities. Shrinking employment and idle factory space would bring with it, according to ADL, a further reduction in industrial land use of 16.3 acres by the year 2000.

The two graphs below underscore the project economy's decline and show that assessed land valuation and property tax revenues in the Central Waterfront have declined when controlled for inflation. Adjusted to 1977 dollars, land valuation dropped from $26.9 million in 1973 to $21.2 million in 1977. Property taxes, over the same period, have declined 24 percent, from $3.3 million to $2.5 million. This trend suggests further evidence of the area long-term deterioration.

Recent field observations substantiate the presence of physical deterioration in the Central Waterfront. A windshield survey based on structural and maintenance conditions of the buildings in the area classified approximately 30 percent of the area as in good condition and 60 percent as fair to poor condition.

CENTRAL WATERFRONT ECONOMIC TRENDS





* ADJUSTED FOR INFLATION

TABLE V

CENTRAL WATERFRONT BUILDING CONDITIONS

Good	30%
Fair to Poor	60%
Vacant	11%

Although 65 acres, or 11 percent of the non-railroad land in the area, is identified as vacant, a majority of this land is actually devoted to open storage, parking, or wastewater management construction. Additionally, only 23 percent of the streets were found to be in good condition while 24 percent are totally unimproved or are unpassable due to interference of railroad tracks. The remaining streets (53 percent) are in varying states of disrepair, all of which require some rehabilitation. Rail properties, which on the basis of visual observation appear underutilized, occupy 30 percent of the primary project area.

BUSINESS CONDITIONS:

Recently completed on-site interviews with 130 Central Waterfront businesses reflect their concern for better security of their employees and property and the poor physical conditions of the area. Table VI summarizes these responses. A large percentage of these firms complained of poor infrastructure due largely to street conditions poor maintenance, and serious conflicts between rail spurs and surface transportation. While off-street parking loading facilities are inadequate in many areas, many firms are forced to park their trucks in the streets since adequate on-site parking is not available. Furthermore, it was found that it is often difficult for customers and visitors to locate parking spaces in certain parts of the area, since most employees in the area occupy the available curb-side spaces. Additionally, several of the firms reported the need for better security, street cleaning, and lighting. The combined effect of poor physical conditions and security was found to be the prevailing business problem of the area.

Field Observation Project: Selected Planning Areas

ENVIRONMENTAL DETRIMENTS: STRUCTURES AND LAND

Field Observation Project: Selected Planning Areas

ENVIRONMENTAL DETRIMENTS: LAND USE AND PARKING

TABLE VI

CENTRAL WATERFRONT BUSINESS CONDITIONS

Business Complaints		
Security	49	45%
Taxes	15	14
Parking	14	13
Infrastructure	40	36
Street cleaning	10	9
Street conditions	8	7
Street lighting	8	7
Truck loading areas	3	3
Other (noise, sidewalks, landscaping)	11	10

Source: Central Waterfront Business Contacts. Interviews were conducted with approximately 30% of the firms in the primary project area. Firms interviewed were selected on a geographical basis.

While not a major business complaint in terms of private firm responses, parking and circulation within the project economy is clearly an important factor in improving the economic vitality of firms operating in the area. This is especially true near the Showplace Square complex where the demand for parking spaces has increased greatly with the establishment and growth of the Showplace, Galleria, and other wholesale furnishings activities. Vehicles driven by employees, visitors, buyers and salesmen all compete for a limited supply of parking spaces. Truck traffic generated by the demand for pick-up and delivery of merchandise compounds the automobile parking problem as trucks often occupy spaces that could be used by automobiles. In addition to the truck traffic generated by the newer wholesale furnishings activities, many of the older industrial establishments and warehouses in the area also rely heavily on trucks to transport goods. Parking problems reach an acute level on days when special events are held as an added influx of automobiles and trucks are drawn to Showplace Square. Traffic circulation is often impeded when these vehicles travel at reduced speeds in search for a parking space. A further effect of automobiles and trucks vying for parking spaces is the prevalence of illegal parking. Sidewalks, bus zones, and passenger loading zones are commonly used for parking, and this often interferes with pedestrian movements.

Parking problems then, beyond effectively limiting access to the area, can also have detrimental impacts on traffic circulation and the pedestrian environment, and these are important elements in the general economic climate of Showplace Square as well as other areas where similar conflicts can arise.

PROJECTED ECONOMIC DECLINES: 1985 and 2000:

In addition to the industrial declines previously cited, ADL has projected continued employment losses for the Central Waterfront to 1985 and 2000. As the graph below demonstrates, employment in the major industrial sectors is forecast to continue on a downward trend in the absence of significant public/private intervention. It is estimated that by the year 2000, an additionally 3,100 jobs will be lost in the project economy. Noteworthy is the projected decline of 2,145 additional manufacturing jobs by 2000. This downward trend would represent a 70.6 percent decline in the area's existing manufacturing base for period 1965 to 2000.

Other significant sources of decline by the year 2000 are: Wholesale Trade (down 2,198 jobs, or 61.5%) and T.C., and PU (down 1,009 jobs, or 20.6 percent), these sectors have major importance to the Citywide economy from the standpoint of downtown service.

SUMMARY AND IMPLICATIONS:

While the previously cited trends are most evident along San Francisco's Waterfront and in the industrial corridor extending out Third Street within the Central Waterfront District, the overall impact of blue-collar decline has tremendous Citywide implications. A major (55 percent) of the City's existing blue-collar jobs are presently held by local residents. Continued decline of these sectors, therefore, will eliminate a major source of income for local residents. Citywide, ADL has forecast that as many as 2,330 local resident jobs in manufacturing alone could be lost by 1985, and the elimination of 3,134 to 3,866 local jobs by 2000. While it may be assumed that many of these unemployed will find employment elsewhere, ADL, projected a loss of resident income in 1978 dollars of up to $2.8 million for manufacturing and as much as $3.7 million for wholesaling by 2000. Assuming average payrolls for the manufacturing and wholesaling sectors, ADL suggests that the fiscal impact of this decline will result in a net loss of $2.6-$2.8 million in payroll tax revenue by 2000 (1978 dollars). Furthermore, it is clear that long-term trends such as those forecast by the City's employment projections will have their most serious negative impact on Potrero, Bayview-Hunters Point, South of Market, and portions of the Mission District where there exists highest concentrations of industrial land uses and blue-collar workers.

Statistics such as these point to three important factors: (1) over the last two decades, San Francisco's industrial base has experienced "long-term deterioration", firm closures, and economic losses primarily due to unfavorable real estate conditions and Federal investment in competing economic facilities, (2) the impact of current and projected decline is being sharply felt by San Francisco residents who are dependent on blue-collar employment opportunities as their source of personal income, and (3) the Port of San Francisco, due to Federal subsidies to the Port of Oakland, has not been able to compete fairly for future markets which would restore economic losses.

CENTRAL WATERFRONT ECONOMIC TRENDS

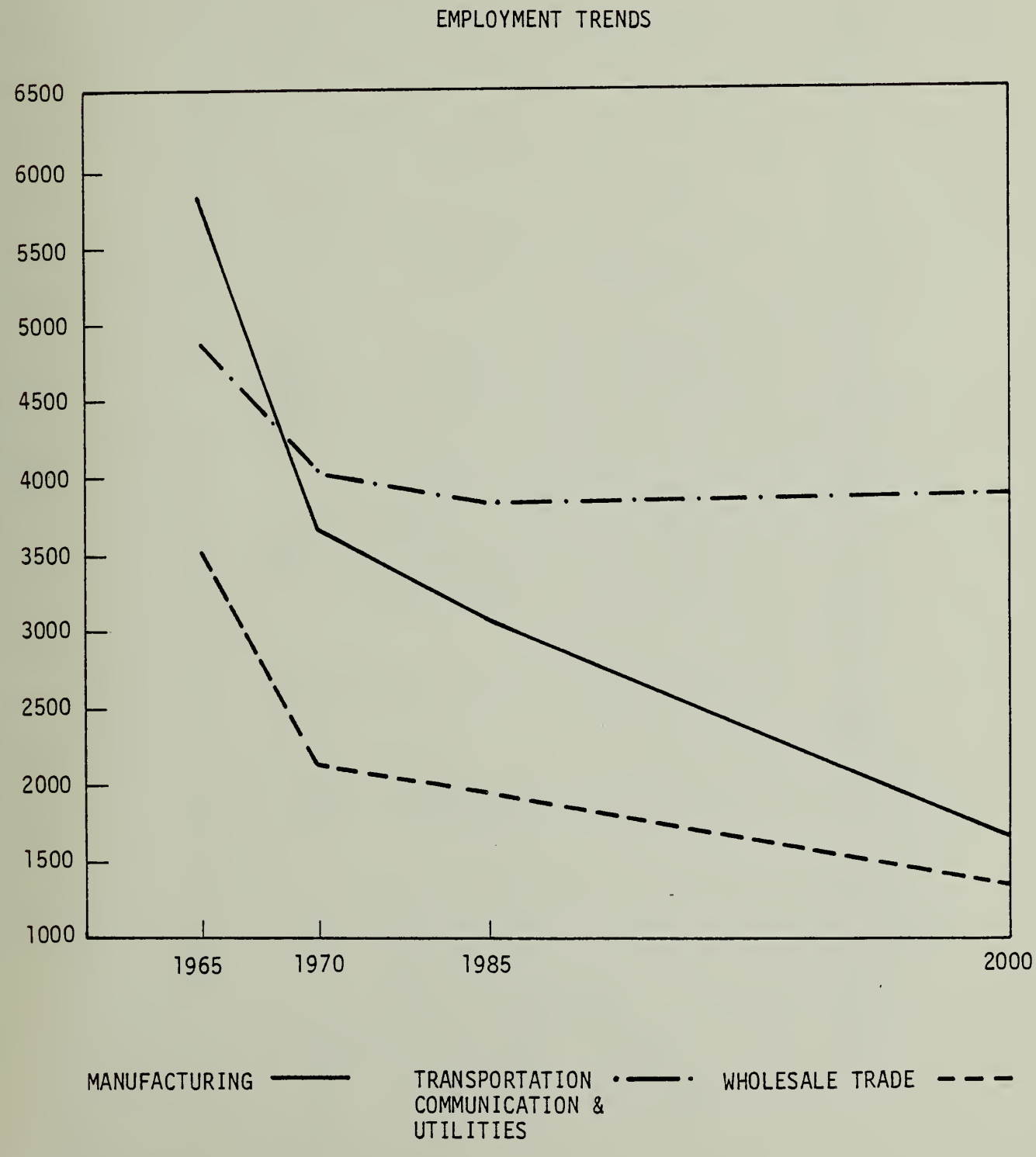


TABLE VII

CENTRAL WATERFRONT DISTRICT EMPLOYMENT TRENDS: 1965, 1970, & 1985-2000 (PROJECTED)

Industry Group	1965	1970	1965-70 Change	Estimated 1985	Change	Estimated 2000	1965-2000 Change
Ag, For, Fish	74	32	(42) -57%	--	--	--	--
Contract Construction	599	794	195 +33%	--	--	--	--
Manufacturing	5,851	3,763	(2,088) -36%	3,138	(2,713) -46%	1,718	(4,133) -70.6%
Transportation, Comm, Utilities	4,900	4,051	(849) -17%	3,817	(1,083) -22%	3,891	(1,009) -20.6%
Wholesale Trade	3,575	2,217	(1,358) 38%	2,064	(1,511) -42%	1,377	(2,198) -6.15%
Retail Trade	383	577	194 +51%	581	198 +52%	497	114 +30%
Services	122	357	235 +193%	387	265 +217%	382	260 +213%
Other	800	766	(34) -4%	--	--	--	--

Source: Arthur D. Little, Inc., Commercial and Industrial Activity in San Francisco: Present Characteristics and Future Trends, June 1975.

PROBLEMS OF UNEMPLOYMENT:

San Francisco has recently experienced Citywide unemployment at a rate of 11.4 percent, nearly 50 percent above the national average for a comparable period. The primary reason for the City's unusually high unemployment rate has been structural in nature, as a growing mismatch occurs between white-collar jobs growing out of a professional service economy and the skills and backgrounds of a large segment of the local labor force. This problem of entering new fields and finding new kinds of work is most severe for the crafts, labor, and operative fields which are directly hardshipped by declines in Central Waterfront industry. Recent upturns in the State economy, however, have seen the Citywide unemployment rate decline to 7.1 percent as of September 1978. This most recent estimate, however, is still significantly above both the State and national averages of 6.7 percent and 6.0 percent, respectively.

Certain pockets of the City and County of San Francisco, however, continue to experience unemployment rates of between 20 and 30 percent. These areas are traditionally made up of lower income residents who are often reliant on the blue-collar industries for their sources of income. In the residential areas immediately impacted by the Central Waterfront District, for instance, unemployment was 21.5 percent as of May 1977. Approximately 3,363 persons within the project area are presently unemployed. Assuming an average family size of 3.0, this translates into nearly 11,000 local residents of the project economy who are currently without a source of income.

TABLE VIII

CENTRAL WATERFRONT UNEMPLOYMENT CONDITIONS

Total Population	37,486
Civilian Labor Force	15,461
Unemployed Workers	3,363
Number Affected by Unemployment	10,089
Percentage Unemployed	21.5

Source: Mayor's Office of Employment and Training (based on available State and Federal data).

One of the primary objectives of the proposed economic adjustment strategy is to reduce the rate of unemployment within the project economy and to provide employment opportunities for other areas of the City as well. The vast majority of the new jobs created through this strategy (80-90%) will be in the personal services, wholesale trade, and operative occupations. Currently, San Francisco residents typically capture a large majority of these job opportunities.

POPULATION OF PROJECT AREA:

Three residential district populations comprise the project economy and its adjoining areas: portions of the South of Market District, Potrero Hill, and Bayview-Hunters Point. These areas are each one of the City's five poverty target areas designated by the Overall Economic Development Program (1978-79) as priority areas for City-sponsored economic development activities. A total residential population of 37,486 exists which would be immediately affected by the project. Table IX provides detailed information on residential population for the area.

TABLE IX

POPULATION ESTIMATES FOR CENTRAL

WATERFRONT AND IMPACTED AREAS

	South of Market	Potrero Hill	Bayview	Total
Total Population*	16,121	7,240	14,125	37,486
Labor Force	5,709	4,611	5,321	15,641
White	10,996	3,899	2,240	17,135
Black	2,043	2,843	11,053	15,939
Other	2,609	498	832	3,939
Spanish**	2,158	1,722	597	4,477
	17,806	8,962	14,722	41,490
Families Below Poverty Level	350	468	947	1,765
Unemployed	1,487	463	1,233	3,363
% Unemployed	26.0	13.9	23.1	21.5%

Source: Mayor's Office of Employment and Training (based on available State and Federal data).

*As of April 1976, most current information available. Because of both rounding-off and the estimating methodology used, the sum of subpopulation groups does not equal the "Total".

**For these estimates a majority of "Spanish" are double-counted as "Whites" and thus are into a discrete part of the "Total".

ECONOMIC ADJUSTMENT PROBLEMS TO BE ADDRESSED:

During the late-1960's, the Federal government sponsored significant public investment in the Port of Oakland. Approximately $30 million in capital improvement funds were allocated to the Port of Oakland to build competitive maritime facilities intended to capture a major share of the container freight market within the Pacific West Coast Harbor System.

This same investment in 1978 dollars would be comparable to approximately $58.6 million in Federal subsidy. Moreover, facilities undertaken through Federal subsidy were constructed on a "speculative basis" with tenants being located into newly constructed container facilities after they were completed and placed on the competitive market.

As a consequence of these actions, the Port of San Francisco directly lost five steamship lines to the Port of Oakland where more competitive facilities could be found on a subsidized basis. The following steamship companies were lost to the Port of Oakland:

American President Lines

K Lines

Matson Navigation

NYK Lines

Pacific Australia Direct Lines

Important segments of the San Francisco economy were dependent on the movement of heavy goods through the Port of San Francisco and its related activity as a major source of income. Trucking and warehousing, wholesale trade, freight forwarding, specialized manufacturing, and ship repair and ship building each enjoy vital linkages with maritime activity for raw goods and materials, as well as distribution and support services.

Each of these sectors have experienced significant losses in economic activity as of 1965 when Federal capital outlays were awarded to the Port of Oakland and there was experienced a direct loss of maritime tenants by San Francisco to Oakland. Specific firm closures and reductions in business demand have resulted in Citywide manufacturing employment losses estimated at 16 percent or 9,000 jobs since 1965. Similarly, wholesale trade, San Francisco's second largest industrial sector, has declined by 11 percent or nearly 2,000 jobs. Additionally, employment in direct maritime trade has declined from 23,000 jobs in 1964 to 11,000 jobs in waterborne commerce, or 52 percent. These declines can be directly attributed to the Port of Oakland's rapid rise to dominance in oceanborne shipping.

Additionally, economic dislocations and long-term deterioration of San Francisco's industrial base, as well as its blue-collar labor force,

were exacerbated through Federal closure of the Hunter's Point Naval Shipyard in 1973. Shipyard closure resulted in a short-term loss of 5,600 civilian jobs with annual payrolls of $100 million. Approximately 43 percent, or 2,400 shipyard employees, were San Francisco residents. Of these resident workers, 58 percent were ethnic minorities. While 1,400 of the jobs lost (25%) at the Shipyard have been replaced through private development, the negative impact of the closure on the City's southeastern industrial corridor, which includes most of the Project Area, has not been mitigated.

It is the contention of the City and County of San Francisco that the above economic adjustment problems have demonstrable negative effects within the Central Waterfront project economy due to this area's strong reliance on declining maritime-related activities and the presence of idle capital facilities. Specifically, the following economic adjustment problems have been identified:

1. The loss of 6,800 jobs within the project economy since 1965 and the prospect of losing another 7,340 jobs by the year 2000 in the absence of public/private intervention;

2. Unemployment of 21.5 percent within the project economy, with even higher rates of unemployment for minority groups and those occupational groups immediately affected by industrial base deterioration;

3. Deteriorated and technologically obsolescent Port facilities which have occurred as a direct result of Federal subsidies to competing maritime locations;

4. Declining space demand and space utilization;

5. Blighted physical conditions, building vacancies, and poor building maintenance;

6. Underutilized open land in the area;

7. Poorly maintained streets and utilities;

8. Security problems throughout the project economy; and

9. Poor business climate due to the combined effect of the various social, economic, and physical problems of the area.

PROPOSED ECONOMIC ADJUSTMENT STRATEGY:

The purpose of the proposed strategy is to carry out an economic adjustment program of considerable urgency to achieve the following objectives:

1. Correct long-term deterioration of project economy and its industrial base;

2. Restore jobs lost within the project economy since 1965;

3. Revitalize depleted resources (capital facilities and revenue stream) caused by Federal actions benefitting other competing locations within the San Francisco Bay Area; and

4. Stimulate opportunities for joint private/public investment.

PLANNING CONSIDERATIONS:

The proposed strategy is in pursuit of the 1978-79 Overall Economic Development Program, Port Master Plan, and the Commerce and Industry Element of the City's Comprehensive Plan. These documents have identified the following factors, which, to a great extent, will have a major impact on future development Trends in the Central Waterfront:

1. Indications from all recent studies of the necessity for maritime development of shoreline properties below China Basin.

2. Forecasts of continued growth in commercial, housing, and mixed-use activities along the waterfront north of the Bay Bridge and at inland sites close to downtown.

3. Provisions for improving public access and open space at appropriate locations along the entire waterfront.

4. Public policies promoting balanced economic growth and the rejuvenation of the City's industrial sectors.

Specific assumptions on which the economic adjustment strategy has been based include:

Maritime Development:

1. Maritime operations and new facilities will gradually consolidate along the waterfront south of the Bay Bridge.

2. Mixed-use development will be interspersed with maritime activities in the northern waterfront.

3. Non-maritime uses will be accommodated at appropriate locations along waterfront property north of the Bay Bridge to generate revenue for financing maritime facilities in the Central Waterfront.

4. Port facilities capacity, if developed to the fullest extent possible based on present technology, will handle approximately 1.6 million tons of bulk cargo by the year 2000. Projected capacities appear to be sufficient for expected demand, however, facilities improvements will be necessary to improve the Port's competitive position.

Industrial Development:

1. The local industrial base will continue to show growing concentration in light support industry and less emphasis on heavy industrial activities.

2. There will be a continued demand for quality industrial sites to meet the needs of local industry.

3. Efforts will be continued to promote local industrial retention and expansion.

4. Obsolete industrial structures with revitalization potential will be promoted for their rehabilitation and selective reuse potential.

5. Public and private improvements should be provided to industrial areas to enhance the working environment and improve the attractiveness of the City to existing and new industry.

Commercial Development:

1. Downtown commercial expansion will continue to present major new investment opportunities along the northern waterfront and its inland areas.

2. The potential for mixed-use will grow along the northern waterfront and in areas near China Basin.

3. The impact of the local tourism industry will play a major role in the utilization of the northern waterfront, especially near Fisherman's Wharf.

4. Completion of George R. Moscone Center will have a growth-inducing impact on the project economy.

Housing:

1. Spot housing in-fill will be encouraged at appropriate locations.

2. Housing opportunities will be promoted on underutilized land suitable for residential uses and surplus to the needs of local industry.

3. Mixed-use development, where appropriate and feasible, will be encouraged as a means of interfacing residential, industrial, maritime, and commercial support activities.

Transportation:

1. Regional access will be improved through the completion of proposed freeway interchanges and expressway (Highways 230 and 280).

2. Neighborhood access will be improved through implementation of proposed transit system route and schedule changes.

3. Internal circulation will be improved through street repairs, truck routes, and signing programs.

4. Pedestrian circulation will be improved in areas with high concentrations of inter-related market place and public access activities.

5. Parking treatments will be developed to meet the needs of existing and proposed commerce and industry.

Open Space and Recreation:

1. Improvements of existing shoreline recreation areas will be undertaken.

2. New public parks and recreational facilities will be provided at appropriate locations.

Railroad Land Utilization:

1. There is a possibility that railroad properties will be placed into alternative uses such as mixed-use and industrial park development.

Zoning:

1. The City's Zoning Code will be revised to facilitate the process of economic development by: (a) removing antiquated and overly restrictive provisions from the Zoning Code, (b) re-mapping industrial districts in accordance with recent and projected economic trends, (c) exploring the establishment of a special zoning district where mixed-use would be permitted.

STRATEGY COMPONENTS:

Achievement of the previously cited economic adjustment objectives will require that a number of strategy components be implemented to: (1) correct the perceived physical and economic problems of the project area, (2) attract new sources of economic activity and capital investment to the area, and (3) prevent the loss of additional economic activity to locations elsewhere in the San Francisco Bay Area.

The following strategy components take into account the need to provide a balanced assistance program for the project area which capitalizes

on a variety of attractive, corrective, and preventive tools currently available to the City and County of San Francisco.

- Attractive tools are those which can be used to attract new economic enterprises to the City. Primarily financial in nature, these tools include land write-downs, site preparation for development, venture capital funds, and infrastructure improvements.

- Corrective tools are utilized to alter existing problems of an area where they are viewed as being detrimental to the economic climate. Examples of tools in this category include: infrastructure change, parking treatments, and increased crime prevention efforts in areas with high security problems.

- Preventive tools are proposed to prevent the occurrence of problems which could lead to relocation or failure of existing industries. Such a strategy generally allows for internal firm expansion, protective public improvement strategies, and zoning techniques.

Application of these tools will require foresight and imagination on the part of public officials and participating private sector representatives. Each of these tools can play an important role in improving the City's locational advantages to commerce and industry provided that they are implemented in a manner which is directly relevant to the needs of the private sector and before the area's economic adjustment problems become more acute.

With the above strategy framework in mind, the following components are proposed for implementation:

1. IMPLEMENT MARITIME FACILITIES IMPROVEMENTS WHICH WILL ENABLE THE PORT OF SAN FRANCISCO TO COMPETE FAIRLY FOR NEW CARGO MOVEMENTS.

   These facilities and their development are based on a recent consultant cargo report to San Francisco Port Commission by Moffat-Nichol, Inc. This study focused on the competitive position of the Port in capturing various categories of oceanborne cargo and necessary capital investment in cargo handling facilities to realize foreseen market potential. Priority facilities and their locations include:

   a. Central Basin Project--infrastructure improvements at Piers 48, 50 and 70-72 to facilitate expanded maritime use, primarily break-bulk, neo-bulk, and RORO.

   b. Pier 35 Rehabilitation-- renovation of San Francisco's passenger terminal to upgrade public facilities supporting this important segment of the local economy and to generate new sources of revenue.

   These improvements are seen to have critical importance in increasing Port-rail utilization along the waterfront and in providing vital economic linkages to interrelated industry in

the area. Break-bulk cargo would be primarily handled by Piers 48 and 50, while RORO and neo-bulk shipments would terminate at Piers70-72. San Francisco's growth in break-bulk is generally forecast by all qualified cargo flow projection studies. Recent analysis indicates that improvements such as those proposed for Central Basin are necessary to increase Port capacity to meet expected demand.

2. PROVIDE INDUSTRIAL DISTRICT IMPROVEMENTS TO RETAIN AND REPLENISH BLUE-COLLAR JOBS LOST THROUGH INDUSTRIAL BASE EROSION.

A comprehensive interviewing with private firms in the Central Waterfront industrial corridor revealed that further industrial losses of 1,500 jobs, or 16 percent, can be expected in the short-run should significant public intervention not be undertaken to correct perceived business problems. Highest business complaints were recorded for the following problems: security, infrastructure, parking, litter and debris, taxes, and accessibility to goods movement.

Two opportunity sites are recommended for industrial district improvements: Potrero Industrial Site and Showplace Square. These sites combine land acquisition and site improvements in a strategy to upgrade the physical environments of underutilized areas. In each case, vacant land is available for further development, sites exist for feasible building rehabilitation, and private sector interest has been expressed to acquire land for development and to undertake major capital investments. Job generation potential at each of these sites is high.

3. PROMOTE COMMERCIAL REUSE AT SELECTED LOCATIONS WHERE MAXIMUM PUBLIC BENEFITS CAN BE LEVERAGED.

A major component in setting a renewed investment tone in the Central Waterfront, and the secondary impact area to the north, is the commercial reuse of presently underutilized property which can be identified as surplus to the needs of maritime industry. Commercial reuse also provides the major source of new permanent jobs which would replenish jobs lost through recent economic dislocations. This element of the strategy intends to capitalize on the City's most economically beneficial growth sectors and to plan for local expansion of these activities within the Northern portion of the project area. Typical growth sectors which will be promoted for their opportunities include: visitor accommodations, specialty shopping, central offices, interior design and related business services, and possible mixed use. Additionally, major new development of this kind is needed to improve the City's capability to finance further maritime improvements to the South. Several million dollars in new revenue stream per year is projected through this strategy component.

Four opportunity sites of this element are recommended: Inland Development Site, Ferry Building, Showplace Square, and possibly China Basin. Development opportunities for each of these sites are highlighted in the project section of this preapplication. Private sector interest is strong.

4. PROMOTE COMMERCIAL DISTRICT REVITALIZATION IN IMPACTED RESIDENTIAL AREAS.

Two residential areas within the project economy have been identified as having significant concentrations of unemployed blue-collar workers: Potrero Hill and Bayview-Hunters Point. These areas currently have unemployment rates of 14 percent and 23 percent, respectively.

Ongoing commercial revitalization plans exist for each of these areas which have been endorsed by the City Planning Commission and key community organizations. These revitalization plans call for various physical improvements along commercial frontages to provide for increased economic, cultural, and recreational opportunities in the neighborhoods. This element of the strategy is critically important in linking economic adjustment activities with the residential locales of the most seriously affected residential populations. Neighborhood commercial revitalization is recommended as a top priority in the City's 1978-79 Overall Economic Development Program as well.

5. DEVELOP PROJECT FINANCING CAPABILITIES.

The City and County of San Francisco proposes an integrative financial strategy which includes ongoing SBA leverage programs, State EDA 304 funds wherever appropriate, and other Federal financing programs under EDA, SBA, and HUD. Additionally, a City-sponsored revolving loan fund is proposed to provide further site development capabilities in a manner which promotes local responsiveness to the problems of inner-city disinvestment. This fund is also seen to have important "psychological" advantages in establishing a more positive public/private investment tone in the project economy. Additionally, loan pool monies will be instrumental in increasing assessed property valuation and revenue yields in the area and in enabling the City to finance additional projects which are consistent with the economic adjustment strategy. This is especially important since the project economy has many "poor risk" areas, which, despite their tremendous development potential, are not preferred by more traditional sources of financing. A City-sponsored revolving loan fund is intended to bridge this problem by providing a flexible incentive program as a counteractive measure to disinvestment.

Legal authority will be used to administer a capital revolving fund implemented through public and private funds. Funds could be utilized for land and property acquisition, clearance,

improvements, rehabilitation, and guarantees. Repayment proceeds from these loans would be automatically recycled back into the fund principal, for reuse as new development loans and other investments. The fund could be self-supporting with payments used to build up fund resources. The revolving loan fund would be an important source of front-end investment capital to stimulate new development opportunities.

6. STUDY FEASIBILITY OF RAILROAD LAND UTILIZATION.

Approximately 300 acres of land within the project economy are devoted to rail use. Visual observation indicate that rail properties are not fully utilized, pointing to the possibility of alternative uses which would open the area to new social and economic opportunities. There is a need for the City and participating railroads to conduct a joint study regarding the feasibility of site development, elements of land preparation, development costs, and the opportunities and constraints to railroad land utilization. Depending on the findings of this joint study, the potential for major new development near the waterfront and south of China Basin may be indicated. In order for this process of joint investigation to occur, the City and participating railroads must seek common ground in terms of economic objectives and mutual support for resulting alternative development schemes. The public sector can assist from the standpoint of providing a full range of assistance (both financial and ministerial) in the land preparation and development process. Participating railroads must take the lead in providing the economic discipline and management skills necessary to achieve viable development alternatives. Regular contact on these issues will be pursued and maintained through the Mayor's Economic Development Advisory Council and its Central Waterfront Task Force, which includes representatives of participating railroads. The topic of rail bridge and its required interface with maritime facilities will also be analyzed as part of an overall strategy to improve Port-rail utilization.

7. IMPLEMENT MANPOWER TRAINING PROGRAMS TO REPLENISH JOBS LOST BY SAN FRANCISCO RESIDENTS.

Approximately 6,800 jobs in the Central Waterfront have been lost since 1965 with an additional 1,500 to 7,400 jobs projected over the short- and long-term, respectively. The long-term ability of San Franciscans to recapture emerging employment opportunities depends upon the ability of those unemployed to find jobs as they become available. Often such new employment opportunities require retraining. The degree to which unemployed individuals can keep pace with the employment market depends on such factors as skill levels and placement. The City can assist in expanding resident employment mobility through job training, retraining, and placement programs keyed to specific economic development projects undertaken through the strategy. Hard financial incentive programs, together with special human needs services, will be implemented through the Mayor's office of

Employment and Training in conjunction with the City's economic adjustment program and community organizations. Department of Labor's Title VII Private Sector Initiative Program, together with new Title III programs stimulating local private economic development, will be implemented to hire and train disadvantaged workers.

8. PROVIDE ADEQUATE INFRASTRUCTURE AND SUPPORTIVE SERVICES TO IMPROVE THE AREA'S ATTRACTIVENESS TO COMMERCE AND INDUSTRY.

Several problems which involve the supportive infrastructure of the project economy and which directly affect locational decisions of commerce and industry in the area are:

- Provision of City services;
- Taxes;
- Security of employees and property;
- Parking and adequate transportation; and
- Encroachment of incompatible land uses.

These problems will be addressed both on an overall program basis through the City's OEDP as well as on a case-by-case basis in conjunction with specific development projects. The accumulative effect of such problems has been found to: (a) detract from the project area's advantages as a business location, thereby contributing to the exodus of firms out of the district; and (b) impede opportunities for major new development in the area (and accompanying employment creation). At this time, a number of factors are known:

- City services are indicated as part of an overall clean-up of the area.

- Security problems represent the highest complaint among businesses surveyed in the area, indicating such strategies as improved street lighting, increased police services, and social programs (housing, employment, social services) which address the root causes of crime.

- Improved transportation access is indicated and will be addressed through POM routes, proposed Highway 280 off-ramp, and the 230 Interchange. Parking treatments are indicated in selected areas.

- Business taxes were the third highest complaint among firms interviewed and their effect on both the City's financial capability and business climate will be addressed as part of the City's revenue and taxation program. Property tax relief has been achieved through implementation of Proposition 13.

- Encroachment of incompatible land uses is seen as the single-most important factor to impeding the feasibility of alternative uses (housing and commercial recreation) near China Basin. Steps will be taken to determine the feasibility and desirability

of mitigating interference of some uses on more desirable land uses. Additionally, maritime uses have a need for land expansion and use separation. The potential for setting a more positive investment tone for areas with high reuse potential, or specialized needs, will be pursued through public improvements and revisions to the City's Industrial Zoning Code.

Within the above strategy context, the following program activities are proposed as the first-phase development program:

a. Acquire land for future development;

b. Provide site preparation and related infrastructure improvements to retain existing business in the project economy and allow for expansion and new development to occur;

c. Complete competitive maritime improvements and transportation linkages which would allow the Port to compete fairly for future trade;

d. Implement neighborhood commercial plans and programs;

e. Assist in financing of new construction and renovations;

f. Activate job training, placement, and minority contractors programs; and

g. Study potential for rail land utilization.

These economic adjustment activities will be implemented on an opportunity site basis. Specific development opportunities will be leveraged through public investment to yield significant matches in private capital. Each of the proposed projects is recommended for its job generation or retention aspects.

RECOMMENDED PROJECTS:

1979-80 ACTION PROGRAM

The following projects are recommended for implementation to be carried out according to the various components of the economic adjustment strategy:

I. MARITIME PROJECTS

A. CENTRAL BASIN PROJECT: $3.0 Million (potential sources: EDA Titles I and IX)

This project is made up of various capital improvements within the Central Waterfront Area. Pier 48 consists of 2 berts and 177,400 square feet of transit sheds. It was built in 1930 and was upgraded in 1966 and 1974 at a total cost of $332,000. It has an extended life and is part of the Port of San Francisco's maritime strategy as a break-bulk facility. Currently, the Crown Zellerbach Corporation is the major user, and they have a multi-year agreement with the Port.

Pier 50 consists of 6 berths and 274,000 square feet of transit sheds. It was built in 1951 and has an expected life of 40 years. The Pier handles a variety of break-bulk cargo, primarily coffee. Improvements to the Pier were made in 1955 and 1974 at a cost of $374,000. Crescent Wharf and Warehouse is the stevedore and terminal operator, and currently 5 break-bulk lines call on this Pier. Pier 70-72 is the newest pier in this project and was reconstructed in 1972. It is primarily used for auto importing. The Pier consists of 2 berths and 33 acres of back-up land (which 17 acres is unimproved and consists of a 38,000 square foot warehouse). In 1977, approximately $50,000 was spent removing unusable buildings.

The capital improvements proposed under this economic development assistance request are:

1. Improvements to the San Francisco Auto Terminal at Pier 70;

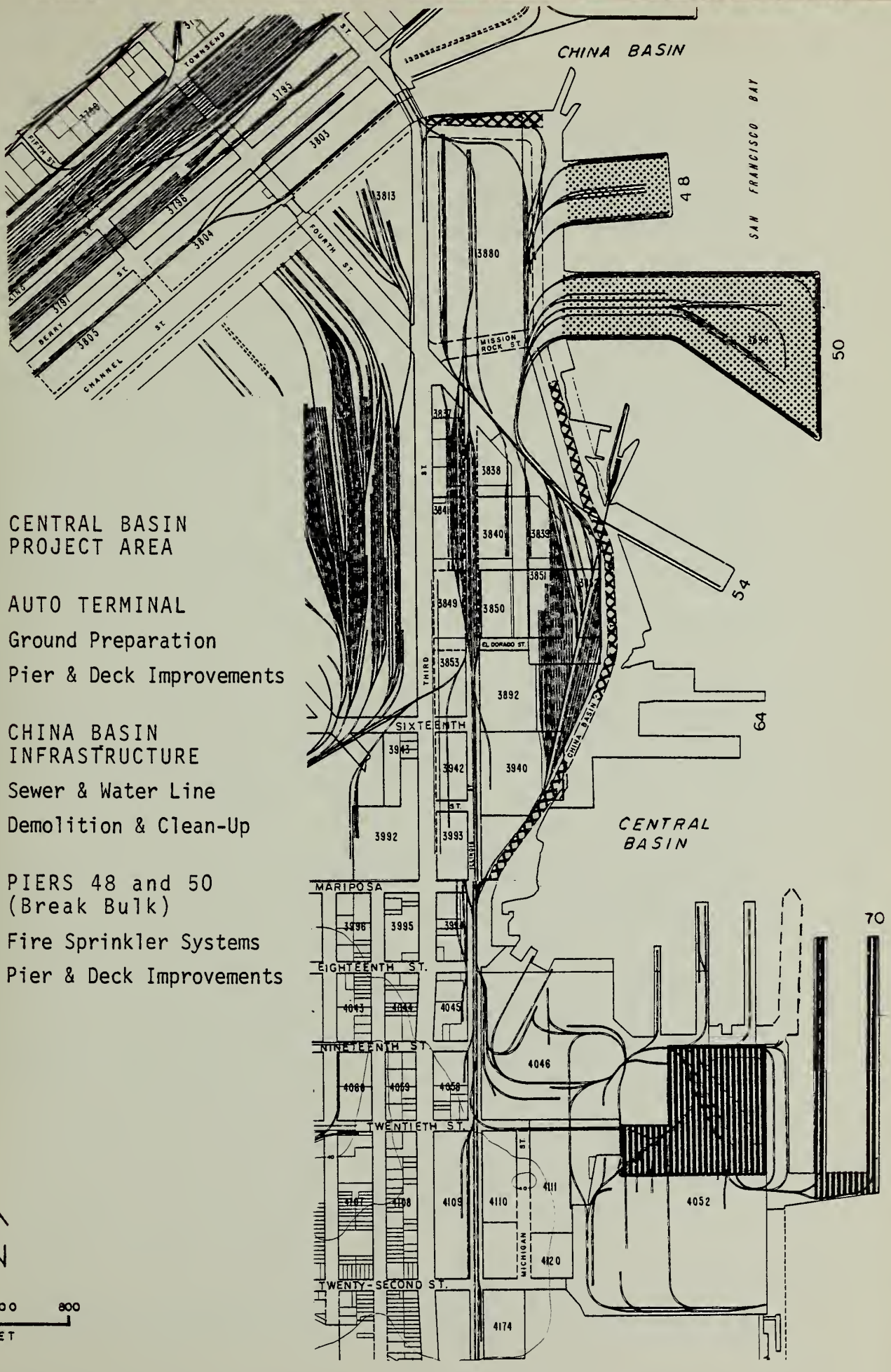
2. Improvements to the Break-bulk facilities at Pier 48-50; and

3. Improvements to the infrastructure of the China Basin Area.

The benefits to be derived from these projects are all consistent with the Port's Overall Maritime Strategy, by allowing the retention and expansion of break-bulk and neo-bulk capabilities.

Pier 70 is the major auto terminal for the Port of San Francisco. Cargo projections indicate an increase to the Bay Area of auto imports both from Japan and new business from Korea (THE PONY Automobile). Since the Northern San Francisco Peninsula is a major market for foreign autos, the Port of San Francisco is in an excellent position to attract this business. The capacity of Pier 70 with the proposed improvements will be 160,000 tons.

CENTRAL BASIN PROJECT: PIERS 70 - 72



CENTRAL BASIN
PROJECT AREA

AUTO TERMINAL
Ground Preparation
Pier & Deck Improvements

CHINA BASIN
INFRASTRUCTURE
Sewer & Water Line
Demolition & Clean-Up

PIERS 48 and 50
(Break Bulk)
Fire Sprinkler Systems
Pier & Deck Improvements

N

0 400 800
FEET

CENTRAL BASIN IMPROVEMENTS

Piers 48 and 50 improvements include deck and pier construction and installation of fire sprinkler systems. Due to the lack of fire sprinkler systems on these piers, the amount of cargo and length of time the cargo can remain in the pier is restricted. All West Coast cargo projections indicate an increase in break-bulk cargo, and regional studies indicate that this increase will be captured by the Port of San Francisco.

Proposed China Basin Street Improvements include the construction of a sewer and water line. Also, the Port will begin a general clean-up of the area by removing debris from the shoreline. Currently, the San Francisco Port Commission has approved the removal of the shed on Pier 54, and is now studying the feasibility of a San Francisco Heliport on the deck of Pier 54. The Port has received developer interest on this concept. A sewer and water line will be required to allow this type of interim development to occur. Likewise, the sewer and water line will be required as part of the Port's Overall Maritime Strategy. The Port estimates that 1,258 permanent jobs would be retained and/or created through project implementation. Added revenues to Port are projected at $1.5 million per year, assuming full site development and utilization.

B. PIER 35 REHABILITATION: $2.7 Million (potential sources: EDA Title I and IX)

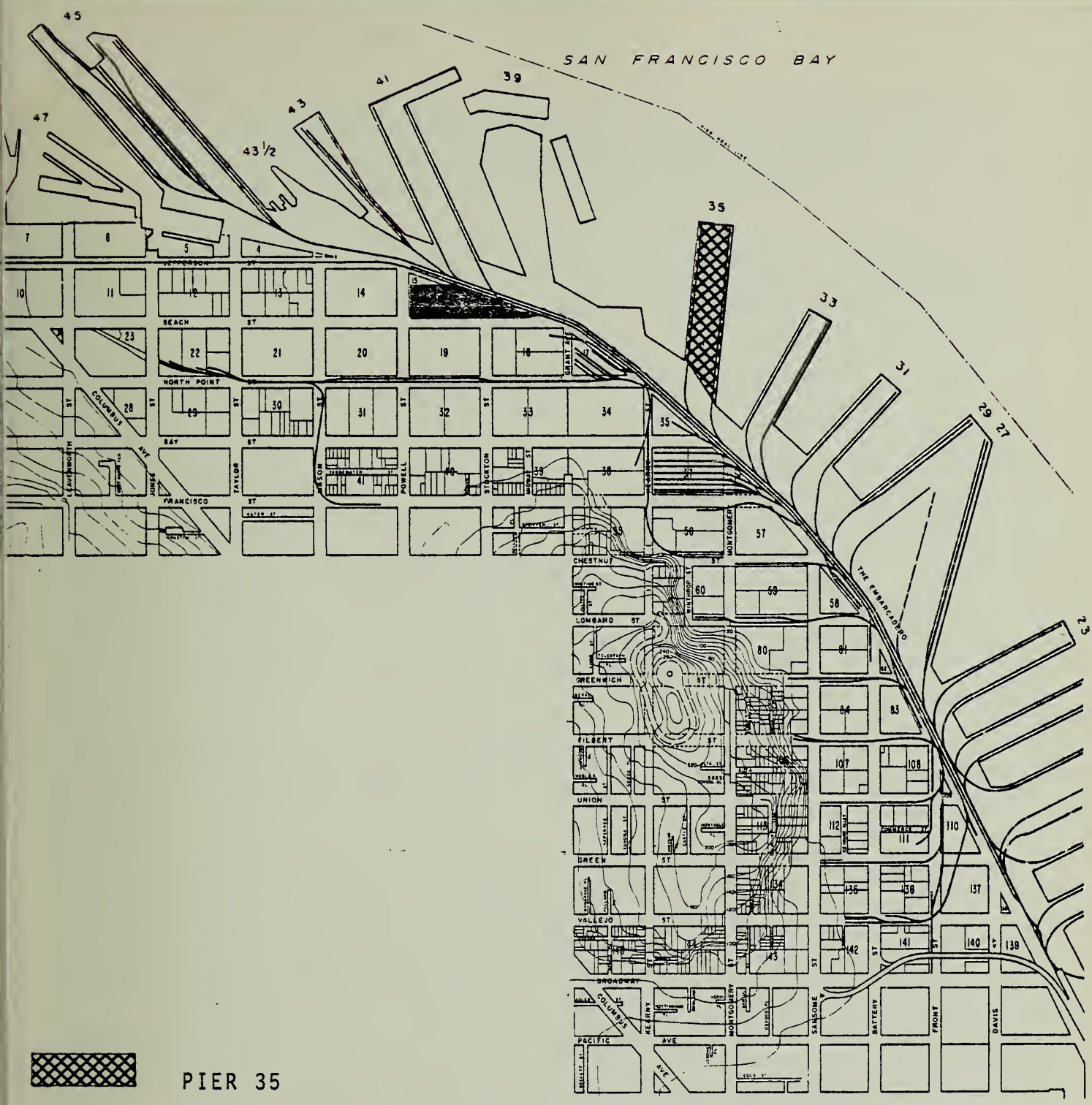
Pier 35, located on the Port of San Francisco's Northern Waterfront, is the City and County of San Francisco's Steamship Passenger Terminal. It services approximately 30,000 passengers embarking and disembarking annually, and services over 100 luxury passenger vessels from all over the world. This facility is a part of the City's TOURISM ECONOMY.

North of Pier 35 is the new $30 million Warren Simmon's Pier 39 project opened in October of 1978. The area upland from this facility has had, and is undergoing, major private sector rehabilitation: Blue Shield Building, Gerson-Baker Franciscan Office Park, and the proposed Levi-Strauss World Headquarters.

Pier 35 has not undergone any major rehabilitation and currently has a forecasted life expectancy of less than ten years. The tourism industry, especially Bay Area steamship passenger service, is not expected to relocate from San Francisco and should continue to be a vital part of the City's economy. However, unless the City has an improved passenger terminal for use by the various steamship lines, this particular service may leave the entire Bay Area as Air-Cruise service expands to Los Angeles and Seattle. The indirect impact on the City of this particular facility is significant in many ways, and the direct impact of having this type of maritime facility within the heart of the Northern Waterfront is important to the City's overall economic strategy.

Based upon recent inspections, the concrete substructure of Pier 35 is cracked and spalled. Since this spalling will continue, the costs for repair will increase in each of the additional years of

PIER 35



PIER 35

Substructure Improvements

Superstructure Improvements

PIER 35 - PASSENGER TERMINAL REHABILITATION

use by approximately 12 percent per year. The other major components of this project include remodeling of the exterior of Pier 35 shed without altering its present features, renovation of the interior of the shed, and remodeling of the passenger and visitor waiting room and entry lobby.

The primary revenue source from this pier currently is the wharfage and dockage assessed to the various steamship lines. In 1977, these revenue amounted to $168,676. The Pier is operated by the California Stevedore and Ballast Company.

If the proposed substructure improvements are not undertaken, the City may either be faced with construction of a new passenger terminal, or discontinuation of passenger service to the Bay Area.

One of the primary benefits resulting from this project will be the implementation of a head tax on passengers embarking and disembarking in San Francisco. This head tax will generate from $300,000 to $500,000 new revenues per year to the Port which will be used to further the Port's Overall Maritime Strategy. The Port of San Francisco, estimates over 100 jobs will be created by this project during construction. The number of jobs retrained is significant since this facility plays such an important role in the Northern Waterfront's economy both from a maritime and commercial-recreation point of view.

II. INDUSTRIAL DISTRICT IMPROVEMENTS

A. POTRERO INDUSTRIAL SITE: $500,000 (potential sources: EDA Titles I and IX)

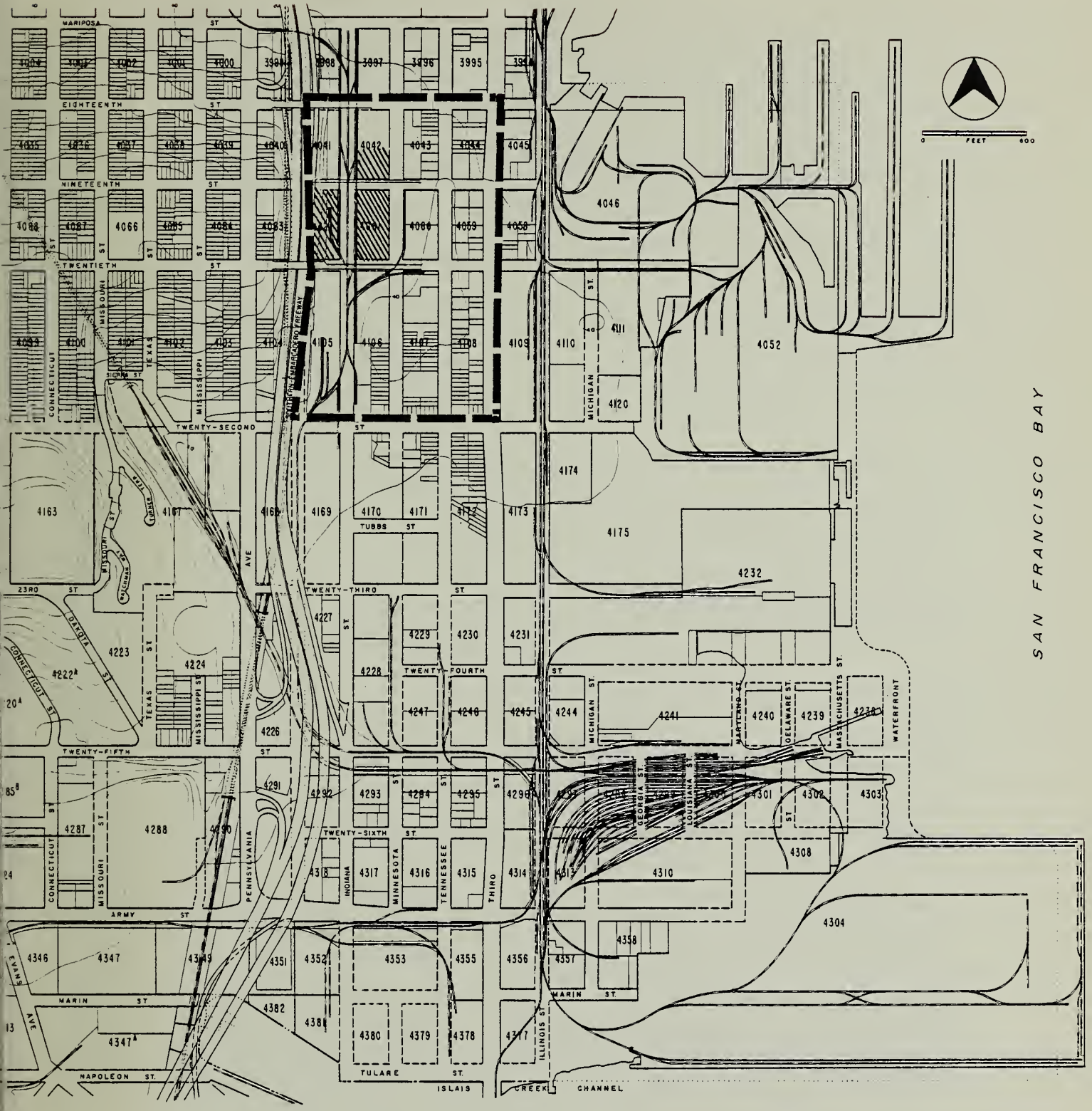
The proposed project site is located in the heart of the Central Waterfront District bounded by Eighteenth Street to the north, Highway 280 to the east, Twenty-Second Street to the south, and Third Street to the west. Approximately 32 acres of prime industrial land exists within the site, of which seven acres, or 16 percent is vacant and currently unused. The current economic composition of the area reflects a light industrial use pattern with (1) apparel manufacturing and marketing, (2) warehousing, and (3) wholesale trade being the primary uses.

Current development plans for the area include a proposal to expand a major apparel manufacturing outlet through land acquisition and development of ancillary warehouse space immediately adjoining showroom facilities. Currently, this private firm occupies a renovated brick warehouse structure which is one of the best examples of rehabilitation in San Francisco. This industry is projecting 20 percent growth in its domestic markets over the near future and presently employs 150 persons.

Objectives of the project include:

1. Facilitate expansion of existing light industry in the area;

POTRERO INDUSTRIAL SITE



LEGEND

PROJECT BOUNDARY

VACANT LAND

POTRERO HILL INDUSTRIAL SITE

2. Market vacant land for more intensive uses;

3. Correct perceived business problems in the area which mainly relate to security, street conditions, and loading problems;

4. Provide public improvements to the area's infrastructure in the form of street and sidewalk resurfacing, landscaping, street lighting, clean-up, and parking improvements; and

5. Provide new opportunities for expansion of permanent jobs and job retention.

The proposed improvement program would cover the following elements:

1. Establishing an industrial mini-park identity for the area through imaginative use of public improvements and site development;

2. Providing street improvements and landscaping on portions of Minnesota, Indiana, and 20th Streets,

3. Providing industrial financing through CDBG Block Grant funds and the SBA 502 program; and

4. Assisting private owners of land and structures in the area to improve the overall appearance of the area and/or market vacant parcels for more labor-intensive uses.

Improvements such as the above are intended to correct several perceived business problems in the area and to facilitate new industrial development. In recent interviews with thirty-three firms in the project area and immediate property adjoining this development site, 48 percent of those interviewed cited security as the principal problem of doing business in the area. Additionally, 24 percent complained of infrastructure problems, citing problems in street conditions, lighting, litter and debris, and off-street parking.

Owner-developer capability of the site is strong through the corporate presence and ongoing expansion plans of a major apparel manufacturer with gross sales of $40 million in 1977. This owner-developer is presently negotiating site control over a key 2.2 acre parcel to begin internal expansion. It is estimated that 130,500 square feet of industrial space can be accommodated in the project area and that this new development will create or retain 109 jobs and provide $46,000 in new annual revenues to the City. Private sector investment is projected at $3.3 million at full build-up.

B. SHOWPLACE SQUARE IMPROVEMENTS: $1.9 million (Potential sources: EDA Title I and IX and UDAG)

Showplace Square is a major new design oriented market place located in the northwestern section of the Central Waterfront Project boundary. Existing renovation in the area was initially planned through a building rehabilitation study funded in 1972 by the

U.S. Department of Commerce, Economic Development Administration. The site is a short distance from the downtown commercial and financial center visitor accommodations, and convention facilities which are important to its marketplace functions. Additionally, the site is strategically located near existing freeway systems and the Port and, therefore, is situated to serve local, national and international interests. The proposed project site covers 15 city blocks, or approximately 40 acres, and is bounded by Townsend and Division Streets, Sixteenth Street, San Bruno Avenue, and De Haro Street (See project map).

The buildings in Showplace Square exist today with a mixture of showroom, light industrial, commercial, and service uses. Approximately 650,000 square feet of centralized showroom space presently exists in the area. Several other large brick structures now exist in the area and are planned for development. These buildings have attractive brick facades, and with their heavy timber construction, offer outstanding opportunities for some of the finest inner-city rehabilitation in San Francisco.

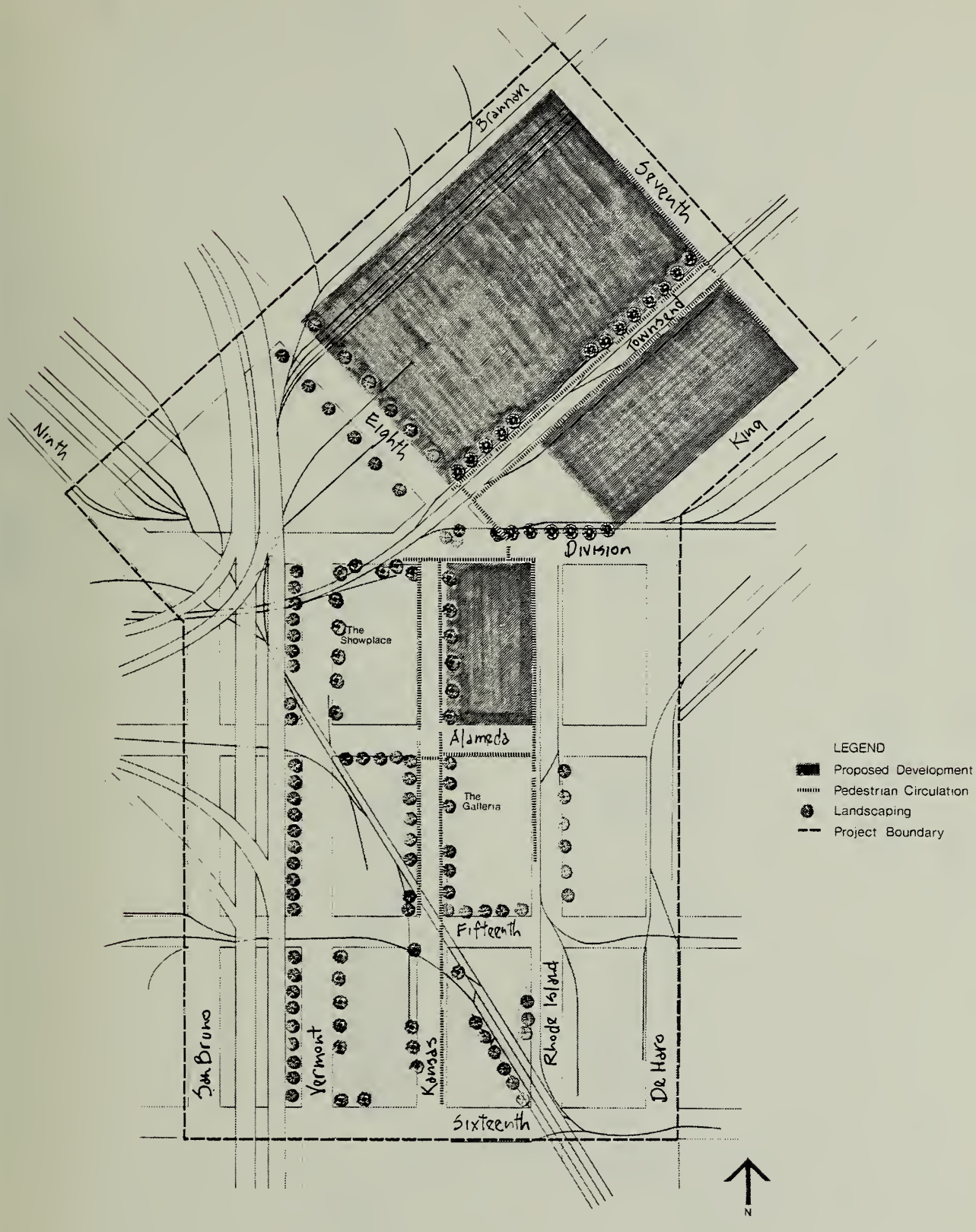
The key establishments in the area are the Showplace and the Galleria, both outstanding examples of rehabilitation and use conversion. Additionally, other entrepreneurs have been drawn to the project area and have opened related home furnishing uses in formerly neglected buildings. Support services such as branch banking and restaurants also exist in the area and are a direct result of revitalization efforts. A total of 130 businesses operate within the project boundary.

Public improvements proposed in conjunction with private expansion in the project area are intended to correct a number of problems cited by some twenty firms residing in the area. Of these firms, 50 percent cited parking as the major problem involving business in the area, followed by security (45%), infrastructure problems (35%), street lighting (30%), and other miscellaneous problems such as litter, abandoned cars, etc.

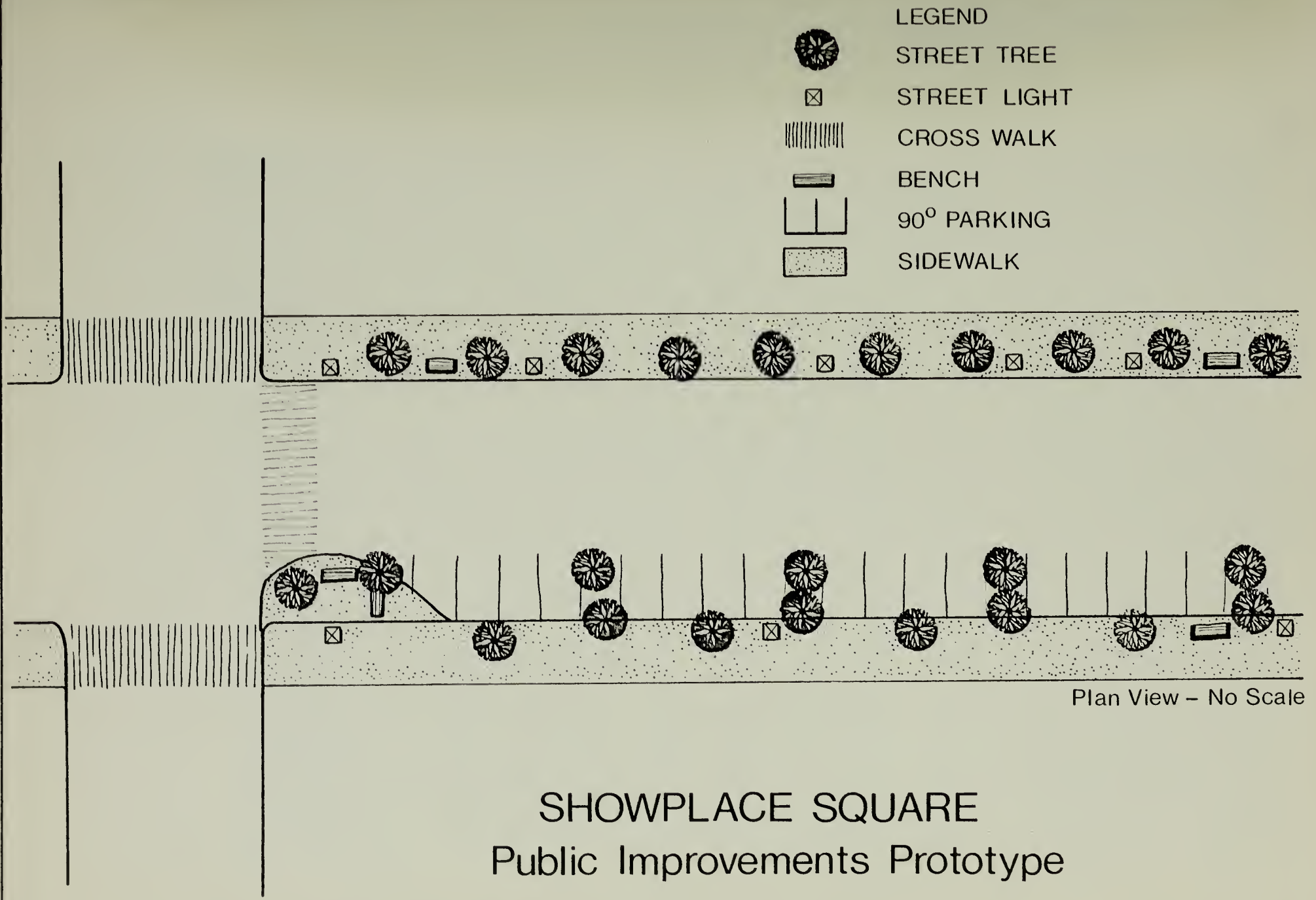
Current private construction plans for the area call for 365,000 square feet of exhibit and permanent showroom space being planned for a large brick structure at the northwestern end of the project boundary. This expansion is projected to provide approximately 200 new permanent jobs. Long-term construction plans for the area cover another 150,000 square feet of brick renovation for similar uses and approximately 1 million square feet of mixed office and showroom space marketed as an International Trade Mart. These private improvements will present $50-72 million in new construction and renovation and will serve as a source for hundreds of new permanent jobs in the growing specialized trade market. Additionally, 35 percent of the firms in the area are planning expanding employment while 20 percent are anticipating space expansion in the near future.

A unique opportunity exists for joint public/private development in the project area in order to accommodate planned economic development activity and accelerate what appears to be an outstanding opportunity

SHOWPLACE SQUARE



SHOWPLACE SQUARE



Plan View – No Scale

SHOWPLACE SQUARE
Public Improvements Prototype

site for development. Detailed field surveys and business interviews in the project area reveal the existence of severe infrastructure problems which at times impede the functional utilization of the area. Streets are in a state of disrepair and sidewalks are not uniformly provided within the project area. This, combined with serious shortages of on-street parking spaces and confusing, poorly-planned intersections, has a negative effect on access to the area and its pedestrian circulation. It was found that existing infrastructure problems were significant enough to seriously affect the feasibility of private sector expansion in the area. Additionally, several firms have indicated that they are considering relocation, perhaps out of the City, if the area's problems are not corrected.

Objectives of the project include the following elements:

1. Redesign of major intersections through street improvements and landscaping;

2. Provide sidewalk system linking major economic uses in the project area to one another and with future sites for development;

3. Provide public improvements to screen the impact of incompatible uses on expanding establishments;

4. Develop and implement an amenities program to expand pedestrian enjoyment of the area's unique turn-of-the-century charm and showroom activities; and

5. Provide for further on-street and off-street parking in conjunction with future private development.

Owner-developer capability in the project area is excellent with site control now held or presently under negotiation for six key parcels. Owner-developer is prepared to finance short-term construction phase of 365,000 square feet and envisions a long-term goal of being 1.6 million square feet current inventory. This firm has achieved some of the finest examples of commercial reuse and renovation in San Francisco and enjoys an outstanding track record. A Merchants Association for the area is now being formed to assist in project planning and implementation.

It's estimated that private sector investment in the area will be $12 million in the short-run and as high as $72 million in the long-term (4-8 years). Approximately 200 new permanent jobs in the service fields are presently indicated through short-term private expansion. Additionally, another 1,250 permanent jobs could be created in the long-term through the development of an International Trade Mart. Annual revenue returns to the City are projected at $144,000 in the short-run and $870,000 in the long-run.

III. COMMERCIAL REUSE PROJECTS

A. FERRY BUILDING REHABILITATION: $1.5 Million (potential sources: EDA Titles I and IX and UDAG)

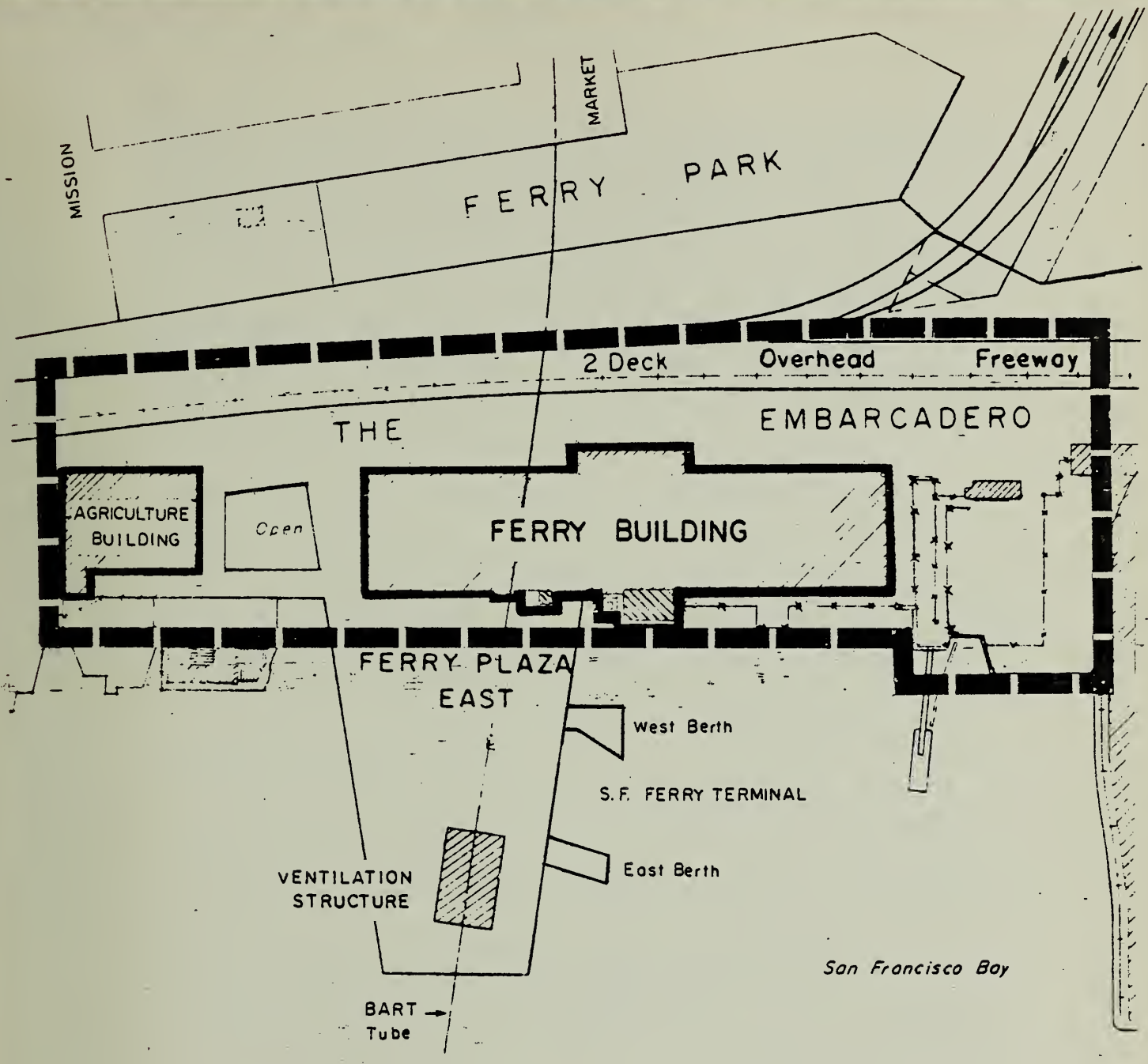
The proposed project is one of the commercial reuse projects now underway by the San Francisco Port Commission. In July of 1978, the Port Commission published a "Requests for Qualifications". This request was nationally advertised and sought prospective developers for the rehabilitation of the San Francisco Ferry Building and its surrounding area. The site of this proposed development is at the foot of Market Street along the Embarcadero and includes the area north of the Ferry Building to Pier 1, the Ferry Building/World Trade Center, the area south of the Ferry Building to the Agriculture Building and the Agriculture Building itself. (A site plan is attached). Currently this project area is in the proximity of other major private sector redevelopment project areas including the George R. Moscone Center/Hyatt Complex, the Golden Gateway Project, and the Waterfront Promenade now being constructed from Pier 14 south to Pier 24. This project area is also north of the proposed Inland Development Site referred to in this economic adjustment strategy. Within the site are two buildings that have been nominated for the National Register of Historic Places. The Ferry Building has been recommended at the national level of significance and the Agriculture Building has been nominated at the local level of significance.

Based upon the "Requests for Qualifications" the San Francisco Port Commission has selected two development teams for the purpose of implementing the rehabilitation and reuse project. The two firms are The Rouse Company, Columbia, Maryland 21044; and Continental Development Corporation, 215 Fremont Street, San Francisco, California 94105. Both of these above firms are currently preparing responses to the San Francisco Port Commission's "Requests for Proposals" and their submissions will be submitted to the Port in February of 1979.

The primary focus of this development project is the Ferry Building. This building was designed by A. Page Brown and opened to the public in July, 1898. It is constructed with steel frame and reenforced concrete which support brick walls and colusa sand stone facing. The foundation of the building consists of concrete piers on timber piles. Until the 1930's the Ferry Building accommodated 50 million Bay commuters each year. Due to the gradual demise of the Ferry Boat system in 1957, the Ferry Building was renovated as the State of California World Trade Center, and in 1962, the south wing of the Ferry Building was remodelled to provide additional office space. Both of these latter improvements were designed not in keeping with the overall architectural integrity of this historic building.

Today, the Ferry Building is currently used primarily as an office building and it has approximately 295,000 square feet of enclosed and open space. The program outlined by the Port Commission in its Design Guidelines for the Restoration and Adaptive Use of the Ferry Building potential modification in keeping with the architectural

FERRY BUILDING



FERRY BUILDING PROJECT AREA

Site Preparation

Infrastructure Improvements

0 100 200
FEET

FERRY BUILDING REHABILITATION

integrity of the building could allow an increase of approximately 100,000 square feet of enclosed useable space. The current concepts being explored by the Port staff with respect to adaptive uses of the building include new uses on the ground floor of the building while the office spaces and the World Trade Club continue on the upper floors; therefore, the existing ground floor has approximately an enclosed area of 80,000 square feet used solely for office uses. The potential modification could add approximately 20,000 square feet on the ground floor of enclosed space and the uses would be commercial, recreation and retail. This modification would allow a greater return to the Port of San Francisco in revenue than we are currently receiving. It will also allow for a greater public use and employment of this building.

These adaptive uses are consistent with the Port's Overall Maritime Strategy in increasing its revenues from commercial reuse in order to further develop maritime facilities. The uses are also consistent with the Bay Area Conservation Development Commission Special Area Plan which recommends economic improvements along the Port of San Francisco that will generate both new jobs and revenues, improvements for open space and public access to the waterfront, and historic preservation of resources of the City and County of San Francisco.

The project costs recommended under this economic development assistance strategy are:

1. infrastructure improvements and site preparation of the project area	$ 400,000
2. re-enforcement of the Ferry Building parapets	100,000
3. Eventual capital to be leveraged in conjunction with the private investment either through a revolving loan fund through rehabilitation work or through construction of public access	1,000,000
Total Project Costs	$1,500,000

Whereas, the overall project will require an environmental evaluation, the site preparation and parapet re-enforcement can commence immediately without any environmental evaluation. This work would be done on the part of the Port with the assistance of the Mayor's Economic Development Advisory Council. Development of this site would generate $20 million in private capital investment and would create or retain approximately 1,400 jobs. Approximately $100,000 in added revenues per year would be generated to the Port through project implementation.

B. INLAND DEVELOPMENT SITE AREA: $6.8 Million (potential sources: EDA Titles I and IX and UDAG)

The Inland Development Site Area, south of the Ferry Building, consists of: a five-acre inland development site to be created by the

INLAND DEVELOPMENT SITE AREA

rerouting of the Embarcadero roadway between Howard and Harrison Streets; a one-acre site located across Steuart Street from the inland development site; and Pier 24 (see attached map). Aside from properties owned by the Port, the development site area involves two parcels owned by the State of California and two parcels owned by private individuals. The area is currently being studied for alternative uses by the Northeastern Waterfront Advisory Committee.

Adjacent to the Inland Development Site, the Port is currently undertaking the development of a promenade between the Agriculture Building and Pier 22½. The Port has received a grant of about $5 million from the Economic Development Administration to (1) relocate the Port's maintenance facilities from Pier 16, (2) remove Piers 14 through 22, and (3) construct the 2.5 acre promenade along the water's edge.

On January 19, 1977, the City Planning Commission adopted the Northeastern Waterfront element of the City's comprehensive Master Plan. An objective of the Plan calls for "a limited amount of non-maritime development on piers and along the seawall to generate waterfront activity, to provide visual and access improvements and to produce revenue for the Port, while reserving space for possible future maritime development." Policy 6 under this objective indicates:

> Develop the properties inland from the seawall under Port jurisdiction between Howard and Harrison Streets as a mixture of commercial, office and residential uses, maintaining a relatively low height to a maximum of 160 feet adjacent to Steuart Street.

As part of the Northeastern Waterfront Survey, being undertaken jointly by the Department of City Planning, the Redevelopment Agency, and the Port of San Francisco, a preliminary development program has been identified for this and related sites. The development program recommends the following uses:

1. Inland Development Site

    a. Two acres of open space (excluding the 2.5 acre waterfront promenade);

    b. A 600- to 800-room hotel;

    c. 100-150 units of housing;

    d. 25,000 sq. ft. of restaurant space; and

    e. 40,000 sq. ft. of retail/office space.

2. Site Across Steuart Street

    a. 650-car parking garage to support inland development site.

3. Pier 24

a. 2 acres of open space on the pier itself;

b. The mooring of historical and visually-interesting ships with about 27,500 sq. ft. of restaurant space, 25,900 sq. ft. of specialty retail space, and 16,500 sq. ft. of office space; and

c. 6,000 sq. ft. of restaurant space and 50,000 sq. ft. of office space in the bulkhead building between Piers 24 and 26.

Estimated public costs to complete the development program include:

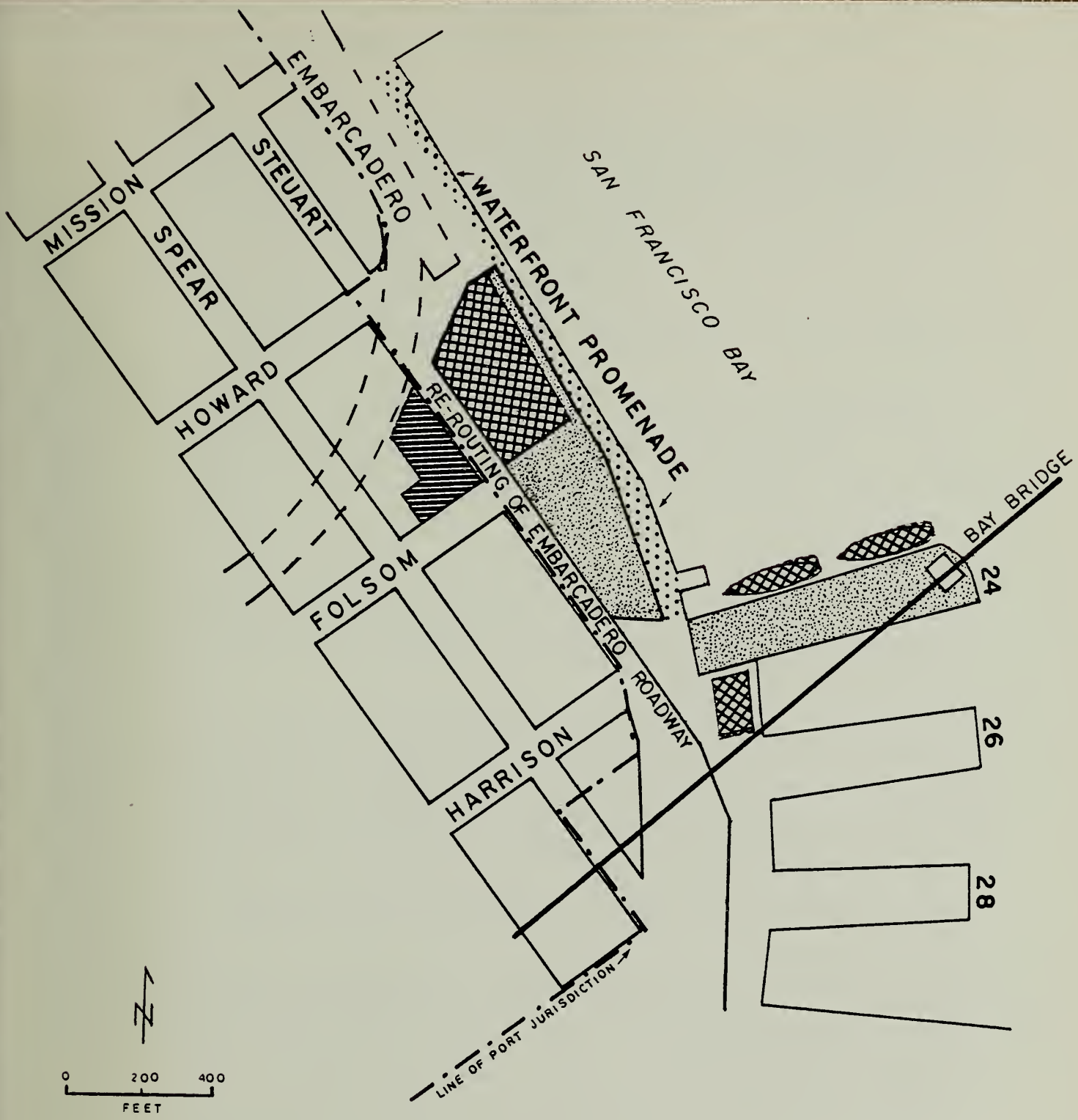
Land Acquisition	$3,581,000
Relocation	210,000
Demolition	33,000
Relocation of Embarcadero Roadway, Utilities, and Rail Beltline	500,000
Open Space Improvements	560,000
Rehabilitation of Pier 24	2,000,000
Total	$6,884,000

It is proposed that these improvements be achieved by a combination of City/Federal sources including EDA Titles I and IX and HUD Urban Development Action Grants.

Total private investment resulting from the development program for this combination of sites is projected at $55.7 to $67.7 million. Approximately $2.5 million in added revenues would be generated to the Port and the City's General Fund through project implementation. Permanent jobs created by the project is estimated at between 1,348-1,798. Most of these jobs would be closely matched to the resident work force with its skill concentrations in the service and clerical occupation groups.

The timing and feasibility of this proposed development area is currently under planning review by staff and consultants of the Northeastern Waterfront Survey Area and by the Northeastern Waterfront Advisory Committee. Alternate sites are also being analyzed for the proposed hotel complex. Recommendations on this matter are scheduled to be made by the end of January 1979.

The above development program is consistent with the City's comprehensive Master Plan as described above under "Proposed Uses." It is



Open Space

Commercial Development

Supporting Parking Site

Promenade (Under Construction)

INLAND DEVELOPMENT SITE AREA

also consistent with the Overall Port Maritime Strategy in developing commercial reuse programs on the Northern Waterfront (the area north of China Basin) that are compatible with adjacent existing maritime activities and that will provide the Port with new revenues for the furtherance of commerce and navigation.

IV. NEIGHBORHOOD COMMERCIAL REVITALIZATION

A. POTRERO HILL COMMERCIAL AREA IMPROVEMENTS: $100,000 (potential source: EDA Title I)

A number of small isolated commercial areas serving the project economy's resident population on Potrero Hill have experienced scattered examples of privately initiated revitalization. These areas include small pockets of commercial use on 18th Street (between Connecticut and Texas), 20th Street (between Arkansas and Missouri), 23rd Street and Wisconsin, and 22nd Street and Tennessee.

A recent plan for commercial area improvements on Potrero Hill called for public improvements in the form of sidewalk repairs, benches, trash receptacles, street lighting, and landscaping to be provided to upgrade the appearance of neighborhood commercial areas and to attract new residential support activities and employment opportunities.

This element of the economic adjustment strategy is of major importance to targeting improvements and opportunities which directly serve the economically distressed neighborhood population of the Central Waterfront. Merchant groups and community organizations are in full support of this kind of effort and have participated in the Potrero Hill Commercial Revitalization Plan which was recently completed and endorsed by the San Francisco City Planning Commission.

B. THIRD STREET IMPROVEMENTS: $100,000 (potential source: EDA Title I)

Similar improvements have been recommended for the Third Street commercial district where a commercial revitalization plan has been jointly sponsored by the City and community organizations. Elements of this improvement strategy include: street improvements, landscaping, facade improvements, etc. It is anticipated the CDBG funds will also be allocated to this project in 1979 and that economic adjustment funding would be pooled with other substantial physical improvements to the area's commercial district.

A market analysis has been completed as part of the area's commercial revitalization plan which indicates that such improvements would enable the district to recapture lost sales activity. This added demand factor is projected to have a major positive impact on the area's rejuvenation. The recently completed commercial revitalization plan for the area has been adopted by the San Francisco City Planning Commission.

POTRERO HILL COMMERCIAL REVITILIZATION

THIRD STREET COMMERCIAL REVITILIZATION

V. FINANCING

A. REVOLVING LOAN FUND: $1 Million (potential source: EDA Section 204)

Interviews with 130 businesses in the Central Waterfront revealed that many of the firms in the area would be desirous of low-interest financing to aid in internal improvements and expansion if such a tool existed. A number of these firms can and are being handled by the City's participation in the SBA 502 Program. Others, however, which exceed SBA's ceiling, or which have specialized financing needs, cannot be handled through conventional SBA programs. In these cases, the City is proposing to undertake local financing through a revolving loan fund.

It is anticipated that City and Federal funds utilized in the revolving fund could be subordinated against private lending capital. This subordination would be leveraged on a 5 to 1 basis with private financing to provide a 20 percent shield to first position participants in the City's loan program. This would leverage a total of approximately $6 million in joint public/private financing to aid in new construction activities, renovation, or acquisition.

The program would be implemented on an opportunity site basis with priority given to recommended project sites included in the economic adjustment strategy. Strict provisions for permanent job generation and affirmative action would be implemented.

The importance of this loan fund in providing low-interest investment capital is critical to reversing long-term deterioration in the project economy. Loan funds supplied to potential investors will have three major positive effects: (1) provide a mechanism for supplying low-interest, front-end investment capital, (2) serve to increase the amount of positive cash flow to the investor, and (3) increase the security of the investment. Overall, the revolving loan fund will allow the City, private lending institutions, and investors to jointly package investment programs which bring together an effective mix of resources for development.

It is estimated that $6 million in loan funds would finance approximately 250,000 square feet in new industrial space construction to produce as many as 208 new permanent jobs or jobs retained in the City's industrial sector. Economic expansion of this kind would produce $2.5 million in industrial sector payrolls and $85,000 in annual revenue yields to the City. Since the revolving loan fund would recycle through accumulated interest proceeds, impacts such as the above would occur through the life of the fund.

VI. RAILROAD LAND UTILIZATION

A. PRELIMINARY FEASIBILITY STUDY: $50,000 (Funded through existing EDA Technical Assistance Grant)

Consultants will be retained in early 1979 to conduct a preliminary study of railroad land utilization. This study will be jointly

managed by the City and participating railroads and will focus on a mutually-determined scope of work. Potential study elements include: (1) existing railroad systems requirements, (2) potential for alternative land disposition, (3) projected rates of return and economic benefits resulting from alternative land utilization strategies, and (4) constraints to project implementation, including analysis of markets, cost constraints, and systems requirements. Technical assistance from the U.S. Conference of Mayors, Railroad Land Utilization Program, will be sought to augment technical capabilities. Initial contact with this program has been established through the Mayor's Economic Development Advisory Council. It is anticipated that implementation of actual development alternatives involving rail land could commence in 1980, assuming that project feasibility is favorable.

PROJECTED BENEFITS:

Beneficiaries of this strategy will be some 25,165 jobless San Franciscans, of which, 3,363 or 13.4 percent, reside in impacted population areas within the project economy. Additionally, another 8,478 unemployed persons, or 34 percent of total City unemployed, reside in areas immediately west of the project economy. Most of the unemployed workers are trained in the crafts, operative, service, and manual labor occupations. These occupational groups have been severely affected by previously mentioned economic adjustment problems in the project area. Additionally, retraining and placement programs will be initiated to assist beneficiaries in going back to work in allied fields or in transferring to new fields where expanded employment opportunities exist.

The proposed economic adjustment strategy is expected to produce the following positive social and economic benefits:

1. Creation of new jobs within the local economy, primarily in service, crafts, and operative fields (these occupational groups have the highest resident labor force participation rates;

2. Generation of additional private sector reinvestment in the City's commercial and industrial areas;

3. Generation of added tax base which would result from new private investment;

4. Increased job retention primarily in blue-collar industries; and

5. Increased physical improvements in several commercial districts in the five poverty target areas (such improvements are expected to have a positive growth-inducing impact on the economies of the neighborhoods). The program is expected to have a positive effect on San Francisco's overall business climate by providing new sources of capital investment, employment, and revenue.

Table X provides "first-cut" estimates of certain socioeconomic impacts which would result from recommended economic adjustment projects. Total short-term private capital investment is estimated at $61.5 million. This would provide 3,554 jobs and annual revenues to the City of $1.8 million. Long-term investment is projected at $160.5 million. This investment target would be achieved primarily through commercial reuse of the Inland Development Site, Ferry Building, and planned construction at Showplace Square. A total of 5,518 jobs would be created at full build-up and annual revenues to the City are projected at $4.8 million.

Short-term leveraging between private and public capital is estimated at 4.4 to 1; long-term (4 to 8 years) leveraging is forecast at 11.5 to 1 at full build-up of each of the opportunity sites.

TABLE X

PROJECTED IMPACTS RESULTING FROM STRATEGY IMPLEMENTATION

	SHORT-TERM*	LONG-TERM*
Permanent Jobs Created or Maintained	3,554	5,518
Construction Jobs Created	2,200	4,900
Private Investment Leveraged	$61.5 million	$160.5 million
Ratio of Private to Federal Investment	4.4 to 1	11.5 to 1
Annual Revenue Yields**	$1.8 million	$4.8 million

*Short-term is defined as 1-4 years; long-term is defined as 4-8 years.

**Projected revenue yields include estimated ad valorem, business tax, wharfage and dockage revenues.

TECHNICAL APPENDIX

PROPOSED FINANCING SCHEDULE

	1979	1980	Potential EDA Funding Sources
Inland Development Site Area			
Land Acquisition	$1,995,000	$1,586,000	EDA Title IX
Relocation		210,000	EDA Title IX
Demolition		33,000	EDA Title IX
Rerouting Embarcadero	500,000		EDA Title I
Open Space	560,000		EDA Title I
Rehab Pier 24		2,000,000	EDA Title I
Ferry Building Rehabilitation	500,000	1,000,000	EDA Title I
Pier 35	1,350,000	1,350,000	EDA Title I
Showplace Square	1,900,000	-0-	EDA Title I
Central Basin Project	500,000	2,100,000	EDA Title I
Neighborhood Commercial Revitalization	200,000	-0-	EDA Title I
Revolving Loan Fund	1,000,000	-0-	EDA Sec. 204
Potrero Industrial Site	500,000	-0-	EDA Title I or IX
	$9,005,000	$8,279,000	

PROJECT COSTS:
CENTRAL BASIN PROJECT

	Port	Federal
Auto Terminal Improvements		
Ground preparation	$100,000	$ 476,000
Pier and deck improvements	281,700	800,000
Break-Bulk Improvements (Piers 48 and 50)		
Pier and deck improvements	42,000	-0-
Fire sprinkler systems	-0-	850,000
China Basin Infrastructure Improvements		
Demolition and clean-up	76,300	-0-
Sewer and water line	-0-	480,000
Total Costs	$500,000	$2,600,000

PROJECT COSTS:
PIER 35 REHABILITATION

Substructure Improvements	$2,200,000
Superstructure Improvements	500,000
Total Costs	$2,700,000

PROJECT COSTS:
POTRERO INDUSTRIAL SITE

Street repair and construction	$200,000
Sidewalk repair and construction	200,000
Landscaping improvements	100,000
Total Costs	$500,000

PROJECT COSTS:
SHOWPLACE SQUARE IMPROVEMENT PROGRAM

1. Street Repair and Construction

Townsend	Eighth to Seventh	$ 246,365
King	Division to Seventh	119,690
Division	Kansas to Rhode Island	6,537
Division	Rhode Island to De Haro	7,802
Sixteenth	San Bruno to Vermont	12,240
Total		$ 392,634

2. Sidewalk Repair and Construction - Asphalt and Concrete

Brannan	Eighth to Seventh	$ 18,563
*Townsend	Eighth to Seventh	42,694
Division	Kansas to Rhode Island	3,375
Division	Rhode Island to De Haro	4,050
De Haro	Fifteenth to Alameda	6,750
De Haro	Sixteenth to Fifteenth	27,000
Sixteenth	Rhode Island to Kansas	4,500
Alameda	Rhode Island to Kansas	10,800
Rhode Island	Division to Alameda	21,870
Vermont	Division to Alameda	13,060
Other High Priority Streets (No D.P.W. estimates)		55,158
Total		$ 207,820

*exposed aggregate surfacing proposed

3. Spur Track Removal

De Haro	Sixteenth	$ 2,560
De Haro	Fifteenth	6,720
De Haro	Fifteenth to Alameda	27,200
De Haro	Alameda	4,352
Rhode Island	Division to Alameda	8,000
Rhode Island	Alameda	4,320
Rhode Island	Alameda to Fifteenth	8,600
Rhode Island	Fifteenth	6,080
Rhode Island	Fifteenth to Sixteenth	21,440
Rhode Island	Sixteenth	11,200
Kansas	Sixteenth to Fifteenth	2,720
Kansas	Fifteenth	1,600
Kansas	Fifteenth to Alameda	6,400
Vermont	Division to Alameda	4,320
Vermont	Alameda	5,760
Vermont	Alameda to Fifteenth	3,200
Vermont	Fifteenth	2,960

San Bruno	Fifteenth	$ 5,760
San Bruno	Fifteenth to Alameda	14,080
San Bruno	Alameda	2,560
San Bruno	Alameda to Division	17,600
San Bruno	Division	38,400
Sixteenth	De Haro to Rhode Island	12,800
Fifteenth	San Bruno to Vermont	19,200
Fifteenth	Kansas to Rhode Island	1,920
Fifteenth	Rhode Island to De Haro	8,960
Alameda	Kansas to Vermont	1,280
Alameda	Vermont to San Bruno	16,000
Brannan	Ninth	5,760
Brannan	Ninth to Eighth	32,000
Brannan	Eighth	1,280
Brannan	Eighth to Seventh	34,400
Brannan	Seventh	2,720
Townsend	Seventh	8,000
King	Division to Seventh	4,800
Ninth	Division to Brannan	6,400
Eighth	Brannan to Townsend	16,000
Total		$ 377,752

4. Intersection Redesign and Improvement

Excavation, pavement, curb and gutter, sidewalk, traffic routing, drainage, and track removal	$ 221,000
Landscaping	10,369
Total	$ 231,369

5. Parking Study

Parking inventory Occupancy and duration study Vehicle circulation patterns Pedestrian volumes Future parking demand	$ 10,000
Total	$ 10,000

6. Parking Treatment

Parking meters	$ 80,000
Total	$ 80,000

7. Landscaping and Street Furniture

Street trees	$ 62,000
Benches	21,000
Street lighting	100,000
Total	$ 183,000

8. Inflation	
28% over 2 years	$ 417,425
Total	$ 417,425
Grand Total	$1,900,000

PROJECT COSTS:
FERRY BUILDING REHABILITATION

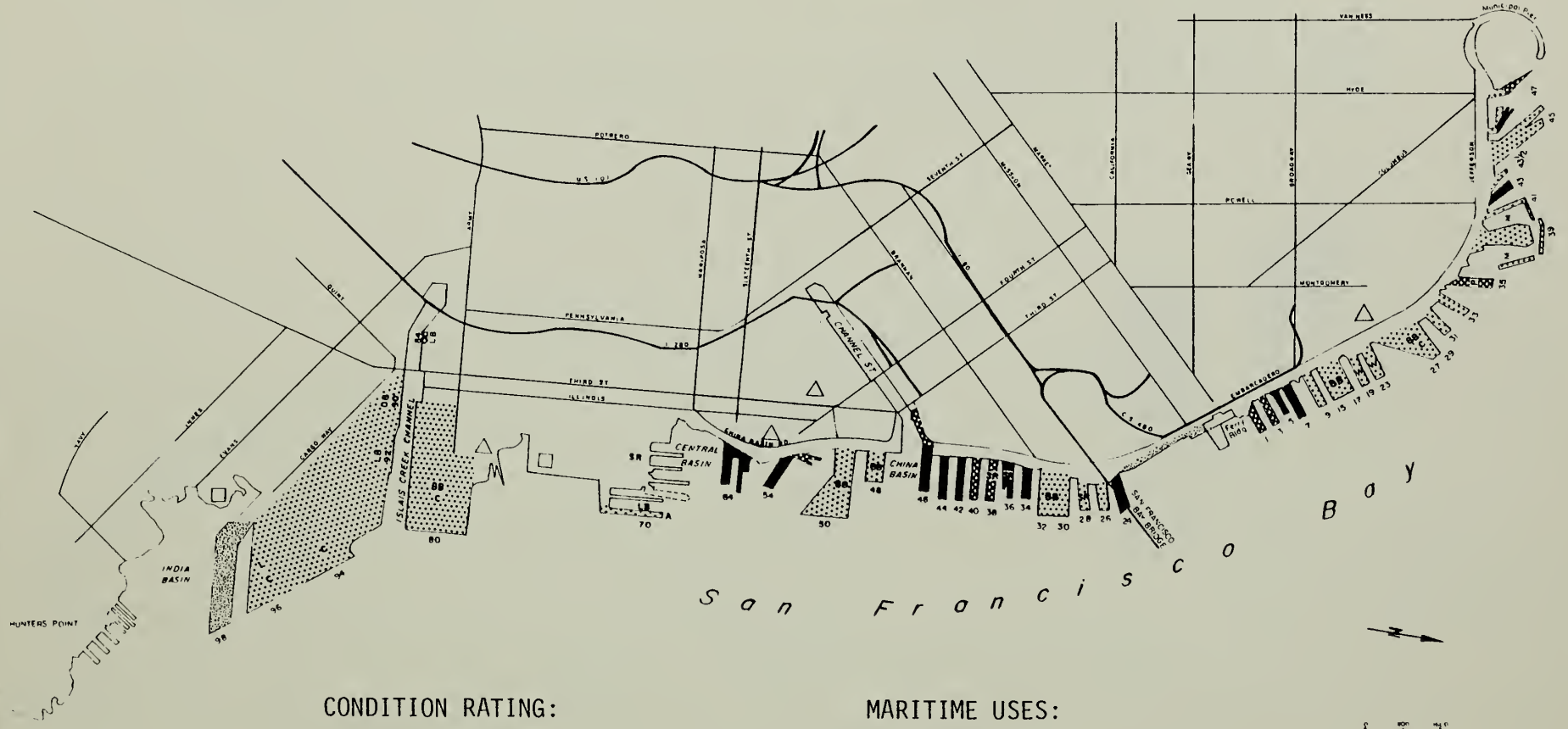
Infrastructure Improvements and site preparation	$ 400,000
Re-enforcement of Ferry Building parapets	100,000
Capital fund for private sector leveraging	1,000,000
Total Costs	$1,500,000

PROJECT COSTS:
INLAND DEVELOPMENT SITE AREA

Land Acquisition	$3,581,000
Relocation	210,000
Demolition	33,000
Relocation of Embarcadero	500,000
Open Space Improvements	560,000
Rehabilitation of Pier 24	2,000,000
Total Costs	$6,884,000

PORT OF SAN FRANCISCO

PIER CONDITIONS



CONDITION RATING:

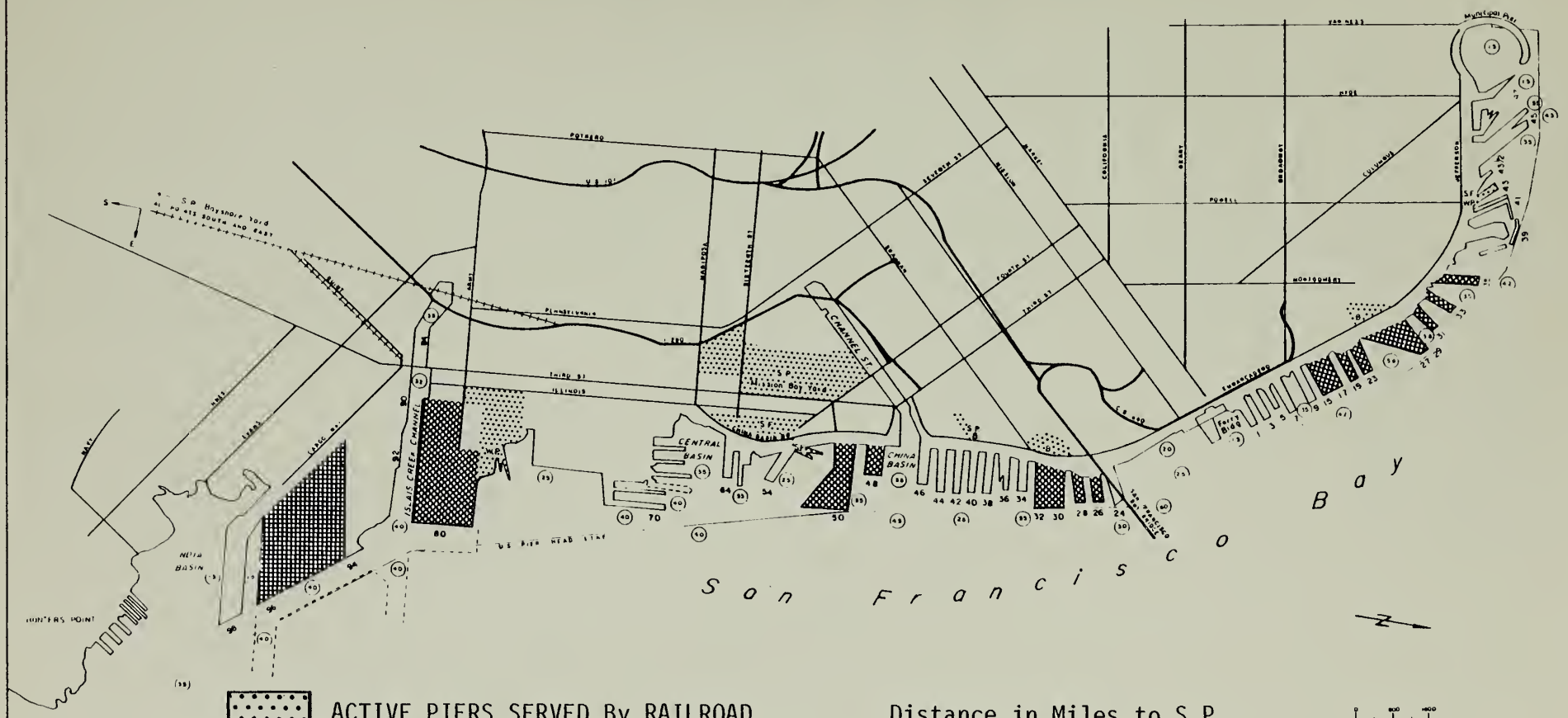
- Good
- Fair
- Poor
- Under Construction
- △ Railroad Yard
- □ Power Plant

MARITIME USES:

BB	Break Bulk
DB	Dry Bulk
LB	Liquid Bulk
C	Container
L	LASH
R	RoRo
A	Auto Facility
P	Passenger Terminal
W	Warehousing
M	Marina

PORT OF SAN FRANCISCO

TRANSPORTATION INTERFACE



ACTIVE PIERS SERVED By RAILROAD

RAILROAD YARD And FERRY

S.P.	Southern Pacific Railroad
S.F.	Santa Fe Railroad
W.P.	Western Pacific Railroad
B.	Belt Railroad
+++++	S.P. Right-of-Way
- - - -	Ship Channel
○	Sounding in Feet Below M.L.L.W.

Distance in Miles to S.P. Railroad Yard:

From:	To Bayshore Yard:	To Mission Bay Yard:
Pier 48	6.1	.3
Pier 50	6.0	.2
Pier 70	5.5	1.3
Pier 80	4.7	1.8
Piers 90-92	4.3	2.1
Piers 94-96	4.5	2.5

ACKNOWLEDGMENTS

MAYOR'S ECONOMIC DEVELOPMENT ADVISORY COUNCIL

William D. Evers, President
Gregory B. Oliver, Project Manager
Alex Diamondidis, Economic Development Specialist
Marsha Gale, Landscape Architect
Barbara Naylor, Business Consultant
Maria Vermiglio, Planning Analyst
Gloria Perchez, Senior Clerk Typist

PORT OF SAN FRANCISCO

Anthony J. Taormina, Deputy Port Director

SAN FRANCISCO DEPARTMENT OF CITY PLANNING

George A. Williams, Assistant Director of Planning
Larry Mansbach, Planner
Michelle Anderson, Program Developer

SAN FRANCISCO REDEVELOPMENT AGENCY

Redmond Kernan, Deputy Executive Director
Tom Conrad, Chief Planner
Walter Gaby, Project Coordinator
Barbara Amato, Planner

DEPARTMENT OF PUBLIC WORKS

Cliff Jarrard, Engineer

1995 2

HOUCHEN
BINDERY LTD
UTICA/OMAHA NE.
2008